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*Approved*  
*George R. I.*

The Prime Minister of Canada presents his humble duty to His Majesty the King.

It is expedient that a Proclamation should be issued in the name of His Majesty, in Canada, declaring that a state of war with the German Reich has existed in Canada as and from September tenth.

The Prime Minister of Canada, accordingly, humbly submits to His Majesty the petition of The King's Privy Council for Canada that His Majesty may approve the issuing of such a Proclamation in His name.

The Prime Minister of Canada remains His Majesty's most faithful and obedient servant.

*W. L. Mackenzie King*

Prime Minister of Canada.

Ottawa, September 10th, 1939.

*James D. Cairns*

# Canada

GEORGE THE SIXTH, by the Grace of God of Great Britain, Ireland and the British Dominions beyond the Seas KING, Defender of the Faith, Emperor of India.

TO ALL TO WHOM these Presents shall come or whom the same may in any wise concern,

GREETINGS:---

## A PROCLAMATION.

WHEREAS by and with the advice of Our Privy Council for Canada We have Signified Our Approval of the issue of a Proclamation in the "Canada Gazette"

declaring that a State of War with the German Reich exists and has existed in Our Dominion of Canada as and from the *ten* day of September, 1939;

NOW THEREFORE We Do Hereby Declare and Proclaim that a State of War with the German Reich exists and has existed in Our Dominion of Canada as and from the *ten* day of September, 1939.

OF ALL WHICH Our Loving Subjects and all others whom these Presents may concern are hereby required to take notice and to govern themselves accordingly.

IN TESTIMONY WHEREOF We have caused these Our Letters to be made Patent and the Great Seal of Canada to be hereunto affixed.

WITNESS:---Our Right Trusty and Well-beloved John, Baron Tweedsmuir of Jlesfield, a member of Our Most Honourable Privy Council, Knight Grand Cross of Our Most Distinguished Order of Saint Michael and Saint George, Knight Grand Cross of Our Royal Victorian Order, Member of Our Order of the Companions of Honour, Governor General and Commander-in-Chief of Our Dominion of Canada.

AT OUR GOVERNMENT HOUSE, in Our City of Ottawa, this *ten* day of September in the year of Our Lord One thousand nine hundred and thirty-nine and in the third year of Our Reign.

BY COLLEND,

*R. Mackenzie King*

PRIME MINISTER OF CANADA.



DOCUMENTS RELATIFS AUX  
RELATIONS EXTÉRIEURES DU CANADA

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DOCUMENTS ON CANADIAN  
EXTERNAL RELATIONS

VOLUME 6

1936-1939

Compilé par / Edited by

John A. Munro

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## INTRODUCTION

A la veille de la seconde guerre mondiale, le sous-secrétaire d'État aux Affaires extérieures, O. D. Skelton, remettait au Premier ministre et secrétaire d'État aux Affaires extérieures, W. L. Mackenzie King une note personnelle dans laquelle il concluait: «la première perte subie dans cette guerre a été la prétention du Canada de contrôler son destin en toute indépendance. Malgré le quart de siècle que nous avons passé à proclamer et à réaliser le statut d'égalité et d'indépendance, nous avons jusqu'ici été confinés au rôle de colonie de la Couronne.» Skelton n'a pas été le seul à évaluer ainsi la position du Canada. Loring C. Christie, lui aussi haut fonctionnaire du ministère des Affaires extérieures, avait, peu après Munich en 1938, conclu que «le Canada ne pouvait pas avoir une politique étrangère distincte en matière de paix ou de guerre», et qu'il faisait partie de cette «nouvelle espèce du genre 'État dépendant' connue comme l'État partiellement souverain», à l'égard duquel l'État métropolitain, en l'occurrence la Grande-Bretagne, jouait le rôle d'État «pleinement souverain».

Selon l'interprétation classique des intellectuels libéraux touchant l'évolution constitutionnelle du Canada, la déclaration de guerre à l'Allemagne que le Canada faisait séparément le 10 septembre 1939 n'était que l'ultime preuve de l'accession du Canada à la pleine et entière souveraineté, sanctionnée par le Statut de Westminster en 1931. Skelton et Christie, praticiens plutôt que théoriciens, soutenaient la thèse opposée.

Les politiques qui ont permis de tirer ces conclusions sont formulées dans le présent volume, le sixième de la collection des *Documents relatifs aux relations extérieures du Canada*, qui porte sur la période du 1<sup>er</sup> janvier 1936 au 10 septembre 1939. C'est un temps où les crises internationales se succèdent. Les dernières phases de la crise d'Éthiopie et l'incapacité de la Société des Nations d'assurer la sécurité collective; la réoccupation de la Rhénanie; la guerre civile d'Espagne; la guerre sino-japonaise; l'annexion de l'Autriche; la crise des Sudètes et Munich; l'occupation de Prague et le démembrement de la Tchécoslovaquie; Dantzig et la crise polonaise; et, finalement, le déclenchement de la seconde guerre mondiale; tout cela met à l'épreuve l'aptitude du Canada à prendre les décisions les plus importantes et, semble-t-il, la souveraineté même du Canada. Si Christie et Skelton avaient raison, si, en d'autres termes, le gouvernement britannique avait le dernier mot dans la formulation de la politique étrangère du Canada, le gouvernement canadien n'exerçant son influence politique que dans les domaines de

## INTRODUCTION

On the eve of the Second World War, the Under-Secretary of State for External Affairs, O. D. Skelton, sent a personal memorandum to the Prime Minister and Secretary of State for External Affairs, W. L. Mackenzie King, in which he concluded that "the first casualty in this war has been Canada's claim to independent control of her own destinies. In spite of a quarter century of proclamation and achievement of equal and independent status, we have thus far been relegated to the role of a Crown Colony." Skelton was not alone in his assessment of Canada's position. One of his senior colleagues in the Department of External Affairs, Loring C. Christie, had concluded soon after Munich in 1938, that "there could be no separate Canadian foreign policy in matters of peace or war"; that Canada was one of a "new species of the dependent state known as the 'part-sovereign state'" for which the metropolitan state, Britain, exercised the "full-sovereign function".

The standard, liberal-academic interpretation of Canadian constitutional development holds that the separate Canadian declaration of war against Germany on September 10, 1939 was but the final proof that Canadian sovereignty had been fully realized with the passing of the Statute of Westminster in 1931. Skelton and Christie, practitioners as opposed to theorists, professed to find the opposite.

In Volume Six of *Documents on Canadian External Relations*, January 1, 1936 to September 10, 1939, the policies that allowed these conclusions are traced. The period is one of international crises. The latter stages of the Ethiopian crisis and the failure of collective security through the League of Nations; the reoccupation of the Rhineland; the Spanish Civil War; the Sino-Japanese War; the annexation of Austria; the Sundetenland crisis and Munich; the occupation of Prague and the final dismemberment of Czechoslovakia; Danzig and the Polish crisis; and, finally, the outbreak of the Second World War: these provide the test of Canadian high policy and, it would appear, of Canadian sovereignty. If Christie and Skelton were right, and Canadian foreign policy was ultimately formulated by the British government with the Canadian government controlling only lesser policy areas and if, as Skelton implied, Canada was an unwilling partner in this relationship, then our subject is that of Canada, the still emergent nation-state. If, however, the documents reveal that the Anglo-Canadian relationship fitted a general pattern of great power-small power relations, then we must look

moindre importance et si, comme le laissait penser Skelton, le Canada était un partenaire rétif dans ces relations, le thème de notre ouvrage serait alors celui d'un Canada encore au stade d'État national naissant. Toutefois, si les documents révèlent que les relations anglo-canadiennes ont suivi la tendance générale des relations entre les grandes et les petites puissances, il nous faut alors étudier de très près ce qu'ils nous apprennent au sujet des responsables de la formulation et de la mise en œuvre de la politique extérieure du Canada. Peut-être ensuite pourrions-nous expliquer la position de dépendance qu'ils ont semblé adopter dans des situations très tendues où aucune petite puissance n'aurait pu exercer une influence décisive sur les événements et où la souveraineté n'était pas nécessairement un terme significatif.

Assurément, la politique canadienne a souvent semblé délibérément confuse et nettement négative. La confrontation, en politique internationale, était un mal et la sécurité collective objet d'anathème. Si la politique internationale d'apaisement et de conciliation n'était pas vigoureusement poursuivie, elle était du moins applaudie et encouragée. Le non-engagement, la dérobaude en matière de consultation (naturellement, nous étions offensés lorsqu'on ne nous consultait pas au sujet de décisions qui nous touchaient) et un minimum d'examen et de débat publics étaient les moyens adoptés pour nous assurer un rôle secondaire dans les affaires internationales. Le Canada doit, à tout prix, éviter d'encourager la Grande-Bretagne à suivre une ligne d'action qui pourrait conduire à la guerre, mettre en lumière les relations anglo-canadiennes et menacer l'équilibre des partis sur le plan de la politique nationale.

On ne trouve nulle part dans les documents, sauf peut-être rétrospectivement et de façon limitée, une opinion quelconque sur les questions principales en jeu dans les crises qui déclenchèrent la seconde guerre mondiale. Une ou deux larmes de crocodile ont pu être versées sur la disparition de l'Espagne loyaliste ou de la Tchécoslovaquie mais on ne s'est même pas risqué à la faire avant qu'elles soient bel et bien disparues. Lorsque la guerre survint, le gouvernement dirigé par Mackenzie King l'accepta tranquillement, quoiqu'en désespoir de cause, pour toutes sortes de *mauvaises* raisons.

De toute évidence, la question des relations impériales et du statut du Canada comme personne internationale domine presque tout le sixième volume. Que le Canada n'ait pas obtenu la pleine reconnaissance qu'il cherchait, cela ne peut être interprété que comme le reflet de son inaptitude à saisir effectivement les occasions de souveraineté que lui présentaient le rapport Balfour et le Statut de Westminster. Si ses politiciens pouvaient difficilement se convaincre eux-mêmes que le Canada était un État libre, comment en convaincre qui que ce soit? En fait, ils ne purent jamais faire comprendre ce changement de statut aux États-Unis où, après la Grande-Bretagne, cela importait le plus. Selon le discours prononcé par le président Roosevelt à Kingston en 1938, les États-Unis considéraient le Canada comme «une des nations-sœurs de l'Empire britannique». Mise à part la politique de «bon voisinage», le Canada ne s'est jamais inséré dans le cadre des politiques interaméricaines des États-Unis et le projet du président Roosevelt

very closely at what the documents reveal about those charged with the responsibility for the formulation and implementation of Canadian external policy. Perhaps then we shall be able to explain their apparent atavism in situations of great stress where no small power could decisively influence events and where sovereignty was not necessarily a meaningful term.

Certainly, Canadian policy often seemed deliberately cloaked in confusion and decidedly negative in substance. Confrontation in international policies was an evil; collective security, an anathema. International appeasement and conciliation, if not vigorously pursued, were at least to be applauded and encouraged. No commitments, the avoidance of consultation (of course, we were offended when we were not consulted on questions that affected us) and a minimum of public examination and debate were the means adopted in achieving the "safety" of a back-seat position in international affairs. At all costs, Canada must avoid encouraging Britain in any course that might lead to war and thus expose the Anglo-Canadian relationship and threaten the partisan balance of domestic politics.

Nowhere does there appear in the documents, except perhaps on a limited *ex post facto* basis, any appreciation of the greater issues involved in the crises that led to World War II. A crocodile tear or two might be shed at the passing of Loyalist Spain or Czechoslovakia but not even that was risked until they were well and truly dead. When war came, the Mackenzie King government quietly, if despairingly, accepted it for all the *wrong* reasons.

Obviously, the question of the Imperial relationship and of Canada's status as an international person pervades most of Volume Six. That Canada did not receive the full recognition she sought may be taken as but a reflection of her inability to come effectively to grips with the opportunities presented for sovereign status by the Balfour Report and the Statute of Westminster. If her policy-makers could scarcely convince themselves that she was a free state, they were not likely to convince anyone else. Indeed, they were never able to convey the message of her changed status to the United States where, apart from Britain, it mattered most. To quote President Roosevelt's Kingston speech of 1938, Canada remained for the United States "part of the sisterhood of the British Empire". The "Good Neighbour" policy to the contrary, Canada never fitted into the pattern of United States inter-American policies and Roosevelt's extension of the Monroe Doctrine to Canada looms much larger in retrospect than it did at the time. It is interesting to note that at the Yalta Conference in 1945 the United States considered and initially desired a multiple vote in the new United Nations organization because she regarded Dominion votes as extra votes for Britain—a view she had held when the question had arisen at Paris in 1919 concerning votes in the League of Nations. In effect, then, the North Atlantic Triangle was without balance. Isolationist policies precluded United States leadership in international affairs and Canada was not a natural part of the Pan-American Union.

d'étendre la doctrine de Monroe au Canada paraît bien plus imminent à l'examen rétrospectif qu'il ne l'a semblé à l'époque. Il est intéressant de noter qu'à la Conférence de Yalta, en 1945, les États-Unis ont envisagé et initialement désiré que plusieurs voix leur soient attribuées au sein de la nouvelle Organisation des Nations Unies parce qu'ils considéraient les voix des Dominions comme des voix additionnelles pour la Grande-Bretagne, opinion qu'ils avaient déjà exprimée à Paris en 1919 au sujet des votes à la Société des Nations. En fait, le Triangle Nord Atlantique manquait d'équilibre. Les politiques isolationnistes empêchaient les États-Unis de jouer un rôle directeur dans les affaires internationales et le Canada n'était pas une partie intégrante de l'Union panaméricaine.

D'autres domaines de l'activité diplomatique et consulaire, particulièrement ceux qui concernent l'essor de la représentation diplomatique, le commerce, la navigation, l'aviation civile, la radiodiffusion, les accords de paiements, les accords sur la double taxation, la protection des intérêts commerciaux du Canada à l'étranger, la contrebande, les eaux limitrophes, les pêches, l'Organisation internationale du Travail, l'Union panaméricaine et le problème des réfugiés européens, trouvent un écho dans ce volume. Tout le chapitre V est consacré à cette dernière question. La réaction du Canada devant le problème des réfugiés à Evian et ailleurs permet d'évaluer la portée humanitaire des politiques canadiennes.

Il est sans doute bon de faire certaines observations sur la préparation d'un volume de documents. On s'imagine parfois qu'une histoire documentaire ressemble peu à une histoire narrative. On suppose qu'ici, du moins, s'applique l'exemple de la statue déjà toute contenue dans le bloc de marbre. En fait, comme pour tout autre ouvrage d'histoire, il existe plusieurs statues possibles et chacun des historiens auxquels on pourrait confier l'œuvre présenterait une création quelque peu différente de n'importe quelle autre. La principale difficulté réside dans le choix de l'enchaînement judicieux des matériaux, et ceci dans les limites imposées par la nécessité d'incorporer toute l'œuvre dans un seul tome.

Ce volume fait partie d'une collection que publie le ministère des Affaires extérieures pour mieux faire comprendre la politique étrangère du Canada. En tant que tel, il reste dans la même ligne que les volumes précédents. Les documents ont été tirés surtout des dossiers du ministère des Affaires extérieures et complétés grâce à d'autres sources, entre autres, les documents personnels de W. L. Mackenzie King, les dossiers du sous-secrétaire d'État aux Affaires extérieures et les documents personnels de Laurent Beaudry, L. B. Pearson, H. H. Wrong et N. A. Robertson. Un nombre appréciable de notes de service vient jeter autant de lumière que possible sur la formulation de la politique. Dans certains cas où nul autre document ne pouvait éclairer un cas particulier, on a eu recours à une déclaration publique ou un décret du conseil.

Sauf aux endroits indiqués dans cet ouvrage, tous les documents sont dans la langue originale. Toutes les notes de l'éditeur sont en français et en anglais.

Other areas of diplomatic and consular activity, particularly those relating to the expansion of diplomatic representation, trade, shipping, civil aviation, broadcasting, payments agreements, double taxation agreements, the protection of Canadian commercial interests abroad, smuggling, boundary waters, fisheries, the International Labour Organization, the Pan-American Union and the problem of European refugees, all find their place in this volume. The whole of Chapter V is devoted to refugees. Canada's response to this question at Evian and elsewhere provides an opportunity for measuring the humanitarian breadth of her policies.

It may be well to provide some comments on the preparation of a volume of documents. It is sometimes thought that documentary history is quite unlike history of the narrative variety. It is assumed that here, at least, the analogy to the statue, ready-shaped, within the block of marble does apply. In truth, as with every other work of history, there are many possible statues and each historian assigned the task would bring forth a somewhat different creation. The critical point lies in the scholar's judicial skill and experience in selecting and arranging his materials within the limitations imposed by the necessity of binding his final product into a single volume.

This volume is one of a series published by the Department of External Affairs to promote an understanding of Canada's foreign policy. As such, it continues the general pattern of the earlier volumes. The documents have been selected primarily from files of the Department of External Affairs and have been supplemented from complementary sources (W. L. Mackenzie King Papers, the files of the Under-Secretary of State for External Affairs, the Laurent Beaudry Papers, the L. B. Pearson Papers, the H. H. Wrong Papers and the N. A. Robertson Papers). Departmental memoranda have been extensively included to cast as much light as possible on the processes of policy formulation. In a few instances, when no other document was available to complete a particular story, a public statement or an order-in-council has been used.

Except as otherwise indicated, all documents are printed in their language of origin. All editorial work, however, is in both French and English. The organization employed in the earlier volumes has been adapted to fit the particular material of Volume Six. In technical editing, there has been a number of minor changes from earlier practices, although the general editorial apparatus has been retained: i.e., the table of contents, list of documents, index and list of persons. These guides to the volume are complementary in design. The Department's "working" documents are faithfully reproduced in this volume. The editor has never regarded it as his function to "clean up" errors in the documents selected except where they threaten to confuse the reader. For example, rather than add [*sic*], missing accents have been added to French words, even though it may be judged significant that in the years 1936-1939 the Department of External Affairs lacked even the most basic bilingual facilities.



La méthode employée pour les tomes précédents a été adaptée aux matériaux particuliers du sixième volume. De légers changements techniques ont été faits en regard des ouvrages précédents, bien que la présentation générale ait été conservée, c'est-à-dire qu'on ait toujours la table des matières, la liste des documents, l'index et la liste des personnalités. Ces éléments sont tous ajoutés au volume à titre de guide au lecteur. Les documents de «travail» du Ministère sont fidèlement reproduits dans ce sixième tome. L'éditeur n'a jamais pensé qu'il lui incombait de «rectifier» les erreurs contenues dans les documents choisis, sauf aux endroits où elles risquaient d'embrouiller le lecteur. A titre d'exemple au lieu d'ajouter la mention «[sic]» on a mis les accents manquants aux termes français, quoiqu'il importe de noter que de 1936 à 1939 le ministère des Affaires extérieures manquait des ressources bilingues les plus fondamentales.

A ma connaissance, l'accès aux archives officielles ne m'a jamais été refusé. Personne n'a essayé d'influencer ma décision concernant le choix ou l'abandon des documents ou encore leur disposition dans ce volume, sauf dans deux cas. Premièrement, aucun document portant sur l'abdication du feu roi Edward VIII n'est inclus dans ce volume. Cela est conforme à la décision de tous les membres du Commonwealth de ne pas publier les dossiers de l'abdication. Par conséquent dans le premier chapitre, la section traitant du décès du roi et de l'accession au trône d'un nouveau souverain présente une lacune des plus frappantes. Deuxièmement, on a demandé à l'éditeur d'omettre un seul document concernant la contrebande au cas où il embarrasserait des personnes encore vivantes. J'y ai consenti. Comme j'ai accepté la première restriction sans protester et que j'ai consenti à la seconde, j'endosse, en qualité de travailleur intellectuel indépendant, la pleine responsabilité de la teneur de ce volume.

Je saisis l'occasion que m'offre cette «Introduction» pour exprimer ma gratitude aux historiens qui ont édité les volumes précédents des *Documents relatifs aux Relations extérieures du Canada*. Leur apport m'a été précieux pour l'élaboration de mon ouvrage. Je voudrais surtout remercier le professeur A. I. Inglis, éditeur des quatrième et cinquième volumes, pour ses précieux conseils et pour tout le temps qu'il m'a si aimablement consacré. M. Gordon Hilborn, de la direction des Affaires historiques du Ministère, s'est distingué par ses conseils éclairés et par l'examen attentif des particularités techniques de l'édition de ce volume. MM. Arthur Blanchette et G. R. Blanchet ont fait un apport précieux à l'édition française de l'ouvrage. Mais je suis des plus obligés envers mes adjoints à la recherche et à l'édition, M<sup>me</sup> Gail Devlin et M. Mark Collins, dont l'apport à la production de ce volume a été de très haute qualité. Je suis également redevable à de nombreux étudiants, secrétaires et dactylographes. Dans ce cas comme dans le cas de tous les autres travaux d'histoire importants auxquels j'ai contribué, j'ai reçu l'encouragement du distingué spécialiste des affaires internationales qu'est F. H. Soward, Doyen émérite de la section des études avancées de l'Université de la Colombie-Britannique.

JOHN A. MUNRO

To the best of my knowledge, no access to official material was denied me. No attempt was made to influence me in the selection, rejection or arrangement of the volume's documents, except in two instances. First, no documents concerning the abdication of His late Majesty, Edward VIII are included in this volume. This is in keeping with a Commonwealth agreement not to make public the abdication files. The result is that the section dealing with the death and accession of the Monarch in Chapter I contains a most obvious gap. In the second instance, the editor was requested to delete a single document concerning smuggling lest it cause embarrassment to people still living. I agreed. Since I accepted the first restriction without complaint and agreed to the second, I accept, as an independent scholar, full responsibility for the contents of this volume.

I should like to take the opportunity that an "Introduction" affords to pay a debt of gratitude to scholars who edited the earlier volumes of *Documents on Canadian External Relations*. Their work was of great value to me in the preparation of my own. In particular, I should like to thank the editor of Volumes Four and Five, Professor A. I. Inglis, for so freely giving of his time and valuable advice. Mr. Gordon Hilborn, of the Department's Historical Division, must be singled out for his scrupulous checking of and advice on the editorial detail of this Volume. Also, MM. Arthur Blanchette and G. R. Blanchet have made valuable contributions to the Volume's French editorial apparatus. My greatest debt, however, is to my research and editorial assistants, (Mrs.) Gail Devlin and Mr. Mark Collins, whose contribution to the production of this Volume was of a very high standard. To a number of summer students and secretaries and typists, I am further indebted. In this, as in every other serious historical work to which I have put my hand, I have enjoyed the encouragement of that distinguished student of international affairs, F. H. Soward, Dean Emeritus of Graduate Studies at the University of British Columbia.

John A. MUNRO



## LISTE DES PERSONNALITÉS LIST OF PERSONS

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|--|---|
| Allan (William), commissaire agricole du Canada à Londres.   | Allan, William, Canadian Agricultural Commissioner, London.   |
| Allard (Hector), troisième secrétaire, ministère des Affaires extérieures de 1932 à 1937; troisième secrétaire, légation aux États-Unis de 1937 à 1940.  | Allard, Hector, Third Secretary, Department of External Affairs, 1932-37; Third Secretary, Legation in the United States, 1937-40.  |
| Amery (L. S.), député à la Chambre des Communes de Grande-Bretagne de 1911 à 1945.   | Amery, L. S., Member of the British House of Commons, 1911-45.  |
| Archer (Norman E.), premier secrétaire, haute commissariat de Grande-Bretagne de 1932 à 1936.  | Archer, Norman E., First Secretary, British High Commission, 1932-36.   |
| Arita (Hachiro), ambassadeur du Japon en Chine en 1936; ministre des Affaires étrangères de 1936 à 1937; conseiller diplomatique au ministère des Affaires étrangères de 1937 à 1938; ministre des Affaires étrangères de 1938 à 1939. | Arita, Hachiro, Japanese Ambassador in China, 1936; Minister of Foreign Affairs, 1936-37; Diplomatic Adviser to Ministry of Foreign Affairs, 1937-38; Minister of Foreign Affairs, 1938-39. |
| Armour (Norman), ministre des États-Unis de 1935 à 1938.   | Armour, Norman, United States Minister, 1935-38.  |
| Ashton, (major-général E. C.), chef de l'État-major général de 1935 à 1938.  | Ashton, Major-General E. C., Chief of the General Staff, 1935-38.   |
| Atherton (Ray), conseiller d'ambassade, ambassade des États-Unis en Grande-Bretagne de 1927 à 1937; ministre en Bulgarie de 1937 à 1939; ministre au Danemark de 1939 à 1940.  | Atherton, Ray, Counsellor of Embassy, United States Embassy in Britain, 1927-37; Minister in Bulgaria, 1937-39; Minister in Denmark, 1939-40.   |
| Avenol (J. L. A.), Secrétaire général, Société des Nations de 1933 à 1940.   | Avenol, J. L. A., Secretary-General, League of Nations, 1933-40.  |
| Baldwin (Stanley), premier ministre de Grande-Bretagne de 1935 à 1937.   | Baldwin, Stanley, British Prime Minister, 1935-37.  |
| Basset (John), président et administrateur gérant, compagnie d'édition <i>Gazette</i> de 1937 à 1958.  | Basset, John, President and Managing Director, <i>Gazette</i> Printing Company, 1937-58.  |

- Batista (colonel Fulgencio), chef de l'État-major de l'armée constitutionnelle de Cuba de 1933 à 1940.
- Batista, Colonel Fulgencio, Chief of Staff of the Cuban Constitutional Army, 1933-40.
- Bavin (surintendant E. W.), commandant sous-divisionnaire de Calgary, Division «K» (Alberta), Gendarmerie royale du Canada de 1932 à 1936; officier en chef du Service des gardes-côtes de 1936 à 1940.
- Bavin, Superintendent E. W., Officer Commanding Calgary Subdivision, "K" Division (Alberta), Royal Canadian Mounted Police, 1932-36; Chief Preventive Officer, 1936-40.
- Beaudry (Laurent), sous-secrétaire d'État adjoint aux Affaires extérieures de 1935 à 1947.
- Beaudry, Laurent, Assistant Under-Secretary of State for External Affairs, 1935-47.
- Beck (colonel Jozef), ministre des Affaires étrangères de Pologne de 1932 à 1939.
- Beck, Colonel Jozef, Polish Minister of Foreign Affairs, 1932-39.
- Benès (Édouard), président de la République tchécoslovaque de 1935 à 1938.
- Benes, Eduard, President of the Czechoslovak Republic, 1935-38.
- Bennett (R. B.), leader du Parti conservateur de 1927 à 1938; Premier ministre, président du Conseil privé et secrétaire d'État aux Affaires extérieures de 1930 à 1935.
- Bennett, R. B. Leader, Conservative Party, 1927-38; Prime Minister, President of the Privy Council and Secretary of State for External Affairs, 1930-35.
- Blair (F. C.), sous-ministre adjoint de l'Immigration et de la Colonisation de 1924 à 1936; directeur de l'Immigration, ministère des Mines et des Ressources de 1936 à 1944.
- Blair, F. C., Assistant Deputy Minister of Immigration and Colonization, 1924-36; Director of Immigration, Department of Mines and Resources, 1936-44.
- Bland (sir Nevile), conseiller, Foreign Office de 1935 à 1938.
- Bland, Sir Nevile, Counsellor, British Foreign Office, 1935-38.
- Blücher (maréchal V. K.), commandant en chef des Forces soviétiques d'Extrême-Orient de 1929 à 1938.
- Blücher, Marshal V. K., Commander-in-Chief of Soviet Forces in the Far East, 1929-38.
- Blum (Léon), président du Conseil des ministres de France de 1936 à 1937; vice-président du Conseil des ministres de 1937 à 1938; président du Conseil des Ministres et ministre des Finances en 1938.
- Blum, Léon, President of the French Council of Ministers, 1936-37; Vice-President of the Council of Ministers, 1937-38; President of the Council of Ministers and Minister of Finance, 1938.
- Bonnet (Georges), ministre des Affaires étrangères de France de 1938 à 1939.
- Bonnet, Georges, French Minister of Foreign Affairs, 1938-39.
- Borden (sir Robert), Premier ministre de 1911 à 1920; secrétaire d'État aux Affaires extérieures de 1912 à 1920.
- Borden, Sir Robert, Prime Minister, 1911-20; Secretary of State for External Affairs, 1912-20.
- Briand (Aristide), président du Conseil des ministres de France et ministre des Affaires étrangères de 1925 à 1926.
- Briand, Aristide, President of the French Council of Ministers and Minister of Foreign Affairs, 1925-26.

- Brown (Gerald H.), sous-ministre adjoint du Travail de 1920 à 1942.
- Bruce (R. Randolph), ministre au Japon de 1936 à 1938.
- Bruce (S. M.), haut commissaire d'Australie en Grande-Bretagne de 1933 à 1945.
- Brüning (Heinrich), chancelier d'Allemagne de 1930 à 1932.
- Cahan (C. H.), député à la Chambre des Communes de 1925 à 1940; secrétaire d'État de 1930 à 1935.
- Cairns (A.), secrétaire, Comité consultatif international sur le blé de 1933 à 1940.
- Campbell (sir Gerald), haut commissaire de Grande-Bretagne de 1938 à 1941.
- Carew (W. J.), secrétaire, Commission de gouvernement, Terre-Neuve de 1934 à 1949; secrétaire aux Affaires intérieures de 1935 à 1949.
- Carol II, Sa Majesté le roi de Roumanie de 1930 à 1940.
- Cartier de Marchienne (baron Émile de), ambassadeur de Belgique en Grande-Bretagne de 1927 à 1946.
- Casey (R. G.), trésorier d'Australie de 1935 à 1939; ministre chargé du Développement et des Recherches scientifiques et industrielles de 1937 à 1939; ministre des Approvisionnements et du Développement de 1939 à 1940.
- Cecil de Chelwood (vicomte), président, Union pour la Société des Nations de Grande-Bretagne de 1923 à 1945.
- Chamberlain (Austen), député à la Chambre des Communes de Grande-Bretagne de 1892 à 1937.
- Chamberlain (Neville), chancelier de l'Échiquier de Grande-Bretagne de 1931 à 1937; Premier ministre de 1937 à 1940.
- Chang Kai-shek (généralissime), membre du Comité exécutif central du *Kuomintang* de 1926 à 1950; président du
- Brown, Gerald H., Assistant Deputy Minister of Labour, 1920-42.
- Bruce, R. Randolph, Minister in Japan, 1936-38.
- Bruce, S. M., Australian High Commissioner in Britain, 1933-45.
- Brüning, Heinrich, German Chancellor, 1930-32.
- Cahan, C. H., Member of the House of Commons, 1925-40; Secretary of State, 1930-35.
- Cairns, A., Secretary, International Wheat Advisory Committee, 1933-40.
- Campbell, Sir Gerald, British High Commissioner, 1938-41.
- Carew, W. J., Secretary, Commission of Government, Newfoundland, 1934-49; Secretary for Home Affairs, 1935-49.
- Carol II, His Majesty the King of Rumania, 1930-40.
- Cartier de Marchienne, Baron Émile de, Belgian Ambassador in Britain, 1927-46.
- Casey, R. G., Australian Treasurer, 1935-39; Minister in charge of Development and Scientific and Industrial Research, 1937-39; Minister for Supply and Development, 1939-40.
- Cecil of Chelwood, Viscount, President, British League of Nations Union, 1923-45.
- Chamberlain, Austen, Member of the British House of Commons, 1892-1937.
- Chamberlain, Neville, British Chancellor of the Exchequer, 1931-37; Prime Minister, 1937-40.
- Chiang Kai-shek, Generalissimo, Member, Central Executive Committee of the *Kuomintang*, 1926-50; President, Chi-

- Conseil militaire national de Chine de 1932 à 1946; président du *Yuan* exécutif de 1935 à 1938 et de 1939 à 1945; directeur général du *Kouomintang* depuis 1938.
- Chilston de Boughton Malherbe (vicomte), ambassadeur de Grande-Bretagne en Union soviétique de 1933 à 1938.
- Christie (Loring C.), conseiller, ministre des Affaires extérieures de 1935 à 1939.
- Churchill (Winston S.), député à la Chambre des Communes de Grande-Bretagne de 1924 à 1964; premier lord de l'Amirauté de 1939 à 1940.
- Ciano de Cortellazzo (comte Galeazzo), ministre de la Presse et de la Propagande d'Italie de 1935 à 1936; ministre des Affaires étrangères de 1936 à 1943.
- Clark (W. C.), sous-ministre des Finances et secrétaire du Conseil du Trésor de 1932 à 1952.
- Coldwell (M. J.), député à la Chambre des Communes de 1935 à 1958; président national, Fédération coopérative du Commonwealth de 1938 à 1942.
- Coleman (E. H.), sous-secrétaire d'État de 1933 à 1949.
- Collins (J. W.), délégué commercial de Nouvelle-Zélande au Canada et aux États-Unis de 1929 à 1938.
- Constantine (major-général C. F.), adjudant général du Canada de 1934 à 1938.
- Cranborne (vicomte), sous-secrétaire d'État parlementaire aux Affaires étrangères de Grande-Bretagne de 1935 à 1938.
- Craven (T. A.), commissaire, Commission fédérale des communications des États-Unis de 1937 à 1944.
- Crerar (Thomas A.), ministre des Mines, ministre de l'Intérieur, ministre de l'Immigration et de la Colonisation et directeur général des Affaires indiennes
- nese National Military Council, 1932-46; President, Executive *Yuan*, 1935-38 and 1939-45; Director-General of the *Kuomintang* since 1938.
- Chilston of Boughton Malherbe, Viscount, British Ambassador in the Soviet Union, 1933-38.
- Christie, Loring C., Counsellor, Department of External Affairs, 1935-39.
- Churchill, Winston S., Member of the British House of Commons, 1924-64; First Lord of the Admiralty, 1939-40.
- Ciano di Cortellazzo, Count Galeazzo, Italian Minister of Press and Propaganda, 1935-36; Minister of Foreign Affairs, 1936-43.
- Clark, W. C., Deputy Minister of Finance and Secretary of the Treasury Board, 1932-52.
- Coldwell, M. J., Member of the House of Commons, 1935-58; National Chairman, Cooperative Commonwealth Federation, 1938-42.
- Coleman, E. H., Under-Secretary of State, 1933-49.
- Collins, J. W., New Zealand Trade Commissioner in Canada and the United States, 1929-38.
- Constantine, Major-General C. F., Adjutant-General of Canada, 1934-38.
- Cranborne, Viscount, British Parliamentary Under-Secretary of State for Foreign Affairs, 1935-38.
- Craven, T. A., Commissioner, United States Federal Communications Commission, 1937-44.
- Crerar, Thomas A., Minister of Mines, Minister of the Interior, Minister of Immigration and Colonization and Superintendent General of Indian Af-

- de 1935 à 1936; ministre des Mines et des Ressources de 1936 à 1945.
- Crewe (duc de), secrétaire d'État aux Colonies de Grande-Bretagne de 1908 à 1910.
- Croil (vice-maréchal de l'Air G. M.), officier supérieur de l'Aéronautique de 1934 à 1939; chef de l'État-major de l'Air de 1939 à 1940.
- Daladier (Édouard), président du Conseil des ministres de France et ministre de la Défense nationale de 1938 à 1940.
- Dandurand (Raoul), ministre d'État, représentant du gouvernement au Sénat de 1935 à 1942.
- Dann (commissaire adjoint T.), commandant divisionnaire, Division «D» (Manitoba), Gendarmerie royale du Canada de 1935 à 1938; sous-commissaire par intérim de 1938 à 1940.
- Davis (Norman H.), chef de la délégation des États-Unis à la Conférence navale de Londres de 1935 à 1936; délégué des États-Unis à la Conférence de Bruxelles sur l'Extrême-Orient en 1937.
- Delbos (Yvon), ministre des Affaires étrangères de France de 1936 à 1937 et de 1937 à 1938.
- Désy (Jean), conseiller, légation en France de 1928 à 1938; ministre en Belgique et aux Pays-Bas de 1938 à 1941.
- De Valera (Eamon), président du Conseil exécutif de l'État libre d'Irlande de 1932 à 1937; premier ministre d'Irlande de 1937 à 1948; ministre des Affaires extérieures de 1932 à 1948.
- Devonshire (duc de), sous-secrétaire d'État parlementaire de Grande-Bretagne aux Affaires des Dominions de 1936 à 1940.
- Drew (lieutenant-colonel George), leader du Parti conservateur d'Ontario de 1938 à 1948.
- faits, 1935-36; Minister of Mines and Resources, 1936-45.
- Crewe, Earl of, British Secretary of State for the Colonies, 1908-10.
- Croil, Air Vice-Marshal G. M., Senior Air Officer, 1934-39; Chief of the Air Staff, 1939-40.
- Daladier, Édouard, President of the French Council of Ministers and Minister of National Defence, 1938-40.
- Dandurand, Raoul, Minister without Portfolio, Representative of the Government in the Senate, 1935-42.
- Dann, Assistant Commissioner T., Officer Commanding "D" Division (Manitoba), Royal Canadian Mounted Police, 1935-38; Acting Deputy Commissioner, 1938-40.
- Davis, Norman H., Head of the United States Delegation, London Naval Conference, 1935-36; United States Delegation, Brussels Conference on the Far East, 1937.
- Delbos, Yvon, French Minister of Foreign Affairs, 1936-37 and 1937-38.
- Désy, Jean, Counsellor, Legation in France, 1928-38; Minister in Belgium and The Netherlands, 1938-41.
- De Valera, Eamon, President of the Executive Council of the Irish Free State, 1932-37; Irish Prime Minister, 1937-48; Minister for External Affairs, 1932-48.
- Devonshire, Duke of, British Parliamentary Under-Secretary of State for Dominion Affairs, 1936-40.
- Drew, Lieutenant-Colonel George, Leader, Ontario Conservative Party, 1938-48.



- Dulanty (J. W.), haut commissaire d'Irlande en Grande-Bretagne de 1930 à 1950.
- Dulanty, J. W., Irish High Commissioner in Britain, 1930-50.
- Dunning (Charles A.), ministre des Finances de 1935 à 1939.
- Dunning, Charles A., Minister of Finance, 1935-39.
- Dupuy (Pierre), deuxième secrétaire, légation en France de 1928 à 1938; premier secrétaire de 1938 à 1940.
- Dupuy, Pierre, Second Secretary, Legation in France, 1928-38; First Secretary, 1938-40.
- Early (Stephen), secrétaire adjoint du président Roosevelt de 1933 à 1937; secrétaire de 1937 à 1945.
- Early, Stephen, Assistant Secretary to President Roosevelt, 1933-37; Secretary, 1937-45.
- Eden (Anthony), secrétaire d'État aux Affaires étrangères de Grande-Bretagne de 1935 à 1938; secrétaire d'État aux Affaires des Dominions (secrétaire aux Dominions) de 1939 à 1940.
- Eden, Anthony, British Secretary of State for Foreign Affairs, 1935-38; Secretary of State for Dominion Affairs (Dominions Secretary), 1939-40.
- Edouard VIII, Sa Majesté le roi en 1936.
- Edward VIII, His Majesty the King, 1936.
- Elliott (C. F.), commissaire de l'Impôt sur le revenu, ministère du Revenu national de 1932 à 1943.
- Elliott C. F., Commissioner of Income Tax, Department of National Revenue, 1932-43.
- Euler (William D.), ministre du Commerce de 1935 à 1940.
- Euler, William D., Minister of Trade and Commerce, 1935-40.
- Feaver (Herbert F.), troisième secrétaire, ministère des Affaires extérieures de 1935 à 1939; troisième secrétaire, légation au Japon de 1939 à 1940.
- Feaver, Herbert F., Third Secretary, Department of External Affairs, 1935-39; Third Secretary, Legation in Japan, 1939-40.
- Ferguson (G. Howard), premier ministre d'Ontario et ministre de l'Éducation de 1923 à 1930.
- Ferguson, G. Howard, Ontario Prime Minister and Minister of Education, 1923-30.
- Flandin (Pierre), ministre d'État de France de 1935 à 1936; président du Conseil des ministres en 1936.
- Flandin, Pierre, French Minister of State 1935-36; President of the Council of Ministers, 1936.
- Floud (sir Francis), haut commissaire de Grande-Bretagne de 1934 à 1938.
- Floud, Sir Francis, British High Commissioner, 1934-38.
- Found (W. A.), sous-ministre des Pêcheries de 1928 à 1939.
- Found, W. A., Deputy Minister of Fisheries, 1928-39.
- Franco Bahamonde (général Francisco), «chef du gouvernement de l'État espagnol» de 1936 à 1938; Premier ministre et chef des Forces armées de 1938 à 1939; *Caudillo* de l'Empire de 1939 à 1965; chef de l'État, commandant en chef des Forces armées et Premier ministre depuis 1939.
- Franco Bahamonde, General Francisco, "Chief of the Government of the Spanish State", 1936-38; Prime Minister and Chief of the Armed Forces, 1938-39; *Caudillo* of the Empire, 1939-65; Chief of the State, Commander-in-Chief of the Armed Forces and Prime Minister since 1939.

- Gagnon (surintendant H. A. R.), commandant sous-divisionnaire de Montréal, Division «C» (Québec), Gendarmerie royale du Canada de 1935 à 1937; en congé avec le grade de commissaire adjoint par intérim, police de la ville de Québec en 1938; commandant divisionnaire, Division «C» de 1939 à 1943.
- Gagnon, Superintendent H. A. R., Officer Commanding Montreal Sub-Division, "C" Division (Quebec), Royal Canadian Mounted Police, 1935-37; on leave of absence with rank of Acting Assistant Commissioner with the Quebec City Police, 1938; Officer Commanding "C" Division, 1939-43.
- Gardiner (James G.), ministre de l'Agriculture de 1935 à 1957.
- Gardiner, James G., Minister of Agriculture, 1935-57.
- Georges V, Sa Majesté le roi de 1910 à 1936.
- George V., His Majesty the King, 1910-36.
- Georges VI, Sa Majesté le roi de 1936 à 1952.
- George VI, His Majesty the King, 1936-52.
- Gilbert (Prentiss), consul des États-Unis à Genève de 1930 à 1937; conseiller, ambassade en Allemagne de 1937 à 1939.
- Gilbert, Prentiss, United States Consul in Geneva, 1930-37; Counsellor, Embassy in Germany, 1937-39.
- Goebbels (Paul Joseph), ministre de la Propagande et de l'Éclaircissement national d'Allemagne de 1933 à 1945.
- Goebbels, Paul Joseph, German Minister of Propaganda and National Enlightenment, 1933-45.
- Goodrich (Carter), représentant du gouvernement des États-Unis au Conseil d'administration, Bureau international du Travail de 1936 à 1946; président du Conseil d'administration de 1939 à 1945.
- Goodrich, Carter, United States Government Representative on the Governing Body, International Labour Office, 1936-46; Chairman of the Governing Body, 1939-45.
- Göring (feldmaréchal Hermann), président du *Reichstag* de 1932 à 1945; ministre de l'Air d'Allemagne de 1933 à 1945; ministre-président de Prusse de 1933 à 1945; forestier en chef et maître de la chasse du *Reich* de 1934 à 1945; commandant en chef de l'armée de l'Air de 1935 à 1945; commissaire au Plan de quatre ans de 1936 à 1945.
- Göring, Field Marshal Hermann, President of the *Reichstag*, 1932-45; German Minister of Aviation, 1933-45; Minister-President of Prussia, 1933-45; Chief Forester and *Reich* Hunting Master, 1934-45; Commander-in-Chief of the Air Force, 1935-45; Commissioner of the Four Year Plan, 1936-45.
- Grandi de Mordano (comte Dino), ambassadeur d'Italie en Grande-Bretagne de 1932 à 1939.
- Grandi di Mordano, Count Dino, Italian Ambassador in Britain, 1932-39.
- Grant Watson (H. A.), ministre de Grande-Bretagne à Cuba de 1937 à 1940.
- Grant Watson, H. A., British Minister in Cuba, 1937-40.
- Gullet (sir Henry), ministre d'Australie chargé des Traités commerciaux de 1934 à 1937.
- Gullet, Sir Henry, Australian Minister directing Trade Treaties, 1934-37.

- Halifax (vicomte), lord garde du Sceau privé de Grande-Bretagne de 1935 à 1937; leader de la Chambre des Lords de 1935 à 1938; lord président du Conseil privé de 1937 à 1938; secrétaire d'État aux Affaires étrangères de 1938 à 1940.
- Hankey (colonel sir Maurice) secrétaire, Comité de la défense impériale de 1912 à 1938; secrétaire du Cabinet de Grande-Bretagne de 1919 à 1938; greffier du Conseil privé de 1923 à 1938.
- Harding (sir Edward), sous-secrétaire inamovible aux Dominions britanniques.
- Hardinge (sir Alexander), écuyer et secrétaire particulier adjoint du Roi de 1920 à 1936; garde adjoint de la Bourse privée de 1935 à 1936; secrétaire particulier du Roi de 1936 à 1943.
- Havenga (N. C.), ministre des Finances de l'Afrique du Sud de 1924 à 1939.
- Heeney (Arnold), secrétaire principal du Premier ministre de 1938 à 1940.
- Hemmen (Hans), chef des délégations pour la négociation des Traités commerciaux, département économique, office des Affaires étrangères d'Allemagne de 1934 à 1939.
- Henderson (sir Nevile), ambassadeur de Grande-Bretagne en Allemagne de 1937 à 1939.
- Henlein (Konrad), leader du Parti *sudetendeutsche* de 1935 à 1938; *Reichskommissar* pour les territoires Sudètes allemands de 1938 à 1939; *Gauleiter* des Sudètes de 1939 à 1945.
- Hepburn (Mitchell F.), premier ministre d'Ontario et président du Conseil de 1934 à 1942; trésorier provincial de 1934 à 1943.
- Herridge, (major William D.), ministre aux États-Unis de 1931 à 1936.
- Hertzog (général J. B. M.), premier ministre de l'Afrique du Sud de 1924 à 1939; ministre des Affaires extérieures de 1929 à 1939.
- Halifax, Viscount, British Lord Privy Seal, 1935-37; Leader of the House of Lords, 1935-38; Lord President of the Privy Council, 1937-38; Secretary of State for Foreign Affairs, 1938-40.
- Hankey, Colonel Sir Maurice, Secretary, Committee of Imperial Defence, 1912-38; Secretary to the British Cabinet, 1919-38; Clerk of the Privy Council, 1923-38.
- Harding, Sir Edward, British Permanent Under-Secretary for the Dominions.
- Hardinge, Sir Alexander, Equerry and Assistant Private Secretary to the King, 1920-36; Assistant Keeper of the Privy Purse, 1935-36; Private Secretary to the King, 1936-43.
- Havenga, N. C., South African Minister of Finance, 1924-39.
- Heeney, Arnold, Principal Secretary to the Prime Minister, 1938-40.
- Hemmen, Hans, Leader of Delegations for the Negotiation of Commercial Treaties, Economic Department, German Foreign Office, 1934-39.
- Henderson, Sir Nevile, British Ambassador in Germany, 1937-39.
- Henlein, Konrad, Leader of the *Sudetendeutsche* Party, 1935-38; *Reichskommissar* for the Sudeten German territories, 1938-39; *Gauleiter* of the Sudetenland, 1939-45.
- Hepburn, Mitchell F., Ontario Prime Minister and President of the Council, 1934-42; Provincial Treasurer, 1934-43.
- Herridge, Major William D., Minister in the United States, 1931-36.
- Hertzog, General J. B. M., South African Prime Minister, 1924-39; Minister of External Affairs, 1929-39.

- Himmler (Heinrich), *Reichsführer S.S.* de 1929 à 1945; chef de la Police, ministère de l'Intérieur d'Allemagne de 1936 à 1945.
- Hitler (Adolf) chancelier d'Allemagne de 1933 à 1945; *Reichsführer* de 1934 à 1945; commandant en chef des Forces armées de 1938 à 1945.
- Hoare (sir Samuel), secrétaire d'État aux Affaires étrangères de Grande-Bretagne en 1935; premier lord de l'Amirauté de 1936 à 1937; secrétaire d'État aux Affaires intérieures de 1937 à 1939.
- Holmes (Stephen L.), premier secrétaire, haut commissariat de Grande-Bretagne de 1935 à 1938; secrétaire principal de 1938 à 1939.
- Hopkins (Harry), secrétaire au Commerce des États-Unis de 1939 à 1940.
- Hore-Belisha (Leslie), ministre du Transport de Grande-Bretagne de 1934 à 1937; secrétaire d'État à la Guerre de 1937 à 1940.
- Hudson (M. O.), juge, Cour permanente de justice internationale de 1936 à 1946.
- Hudson (R. S.), secrétaire parlementaire au Commerce d'outre-mer, *Board of Trade* de Grande-Bretagne de 1937 à 1940.
- Hull (Cordell), secrétaire d'État des États-Unis de 1933 à 1944.
- Hurst (sir Cecil), conseiller juridique au Foreign Office de 1918 à 1929.
- Ickes (Harold), secrétaire à l'Intérieur des États-Unis de 1933 à 1946.
- Ilsley (James R.), ministre du Revenu national de 1935 à 1940.
- Inskip (sir Thomas), ministre pour la coordination de la Défense de Grande-Bretagne de 1936 à 1939; secrétaire d'État aux Affaires des Dominions (secrétaire aux Dominions) en 1939.
- Jacksch (Wenzel), député du Parti social-démocrate allemand à la Chambre
- Himmler, Heinrich, *Reichsführer S.S.*, 1929-45; Chief of Police, German Ministry of the Interior, 1936-45.
- Hitler, Adolf, German Chancellor, 1933-45; *Reichsführer*, 1934-45; Commander-in-Chief of the Armed Forces, 1938-45.
- Hoare, Sir Samuel, British Secretary of State for Foreign Affairs, 1935; First Lord of the Admiralty, 1936-37; Secretary of State for Home Affairs, 1937-39.
- Holmes, Stephen L., First Secretary, British High Commission, 1936-38; Senior Secretary 1938-39.
- Hopkins, Harry, United States Secretary of Commerce, 1939-40.
- Hore-Belisha, Leslie, British Minister of Transport, 1934-37; Secretary of State for War, 1937-40.
- Hudson, M. O., Judge, Permanent Court of International Justice, 1936-46.
- Hudson, R. S., Parliamentary Secretary for Overseas Trade, British Board of Trade, 1937-40.
- Hull, Cordell, United States Secretary of State, 1933-44.
- Hurst, Sir Cecil, Legal Adviser to the British Foreign Office, 1918-29.
- Ickes, Harold, United States Secretary of the Interior, 1933-46.
- Ilsley, James R., Minister of National Revenue, 1935-40.
- Inskip, Sir Thomas, British Minister for the Coordination of Defence, 1936-39; Secretary of State for Dominion Affairs (Dominions Secretary), 1939.
- Jacksch, Wenzel, German Social Democratic Party Member of the Czechoslo-

- des Députés de Tchécoslovaquie de 1929 à 1938; leader du Parti de 1938 à 1939.
- Jolliffe (A. L.), commissaire de l'Immigration et contrôleur principal de l'Immigration chinoise au ministère de l'Immigration et de la Colonisation de 1926 à 1936; au ministère des Mines et des Ressources de 1936 à 1943.
- Jordan (W. J.), haut commissaire de Nouvelle-Zélande en Grande-Bretagne de 1936 à 1951.
- Keenleyside (Hugh), premier secrétaire, légation au Japon de 1929 à 1936; premier secrétaire, ministère des Affaires extérieures de 1936 à 1940.
- Kempff (L.), consul général d'Allemagne de 1921 à 1937.
- Kennedy (Joseph P.), ambassadeur des États-Unis en Grande-Bretagne de 1938 à 1941.
- Key (David McK.), deuxième secrétaire, légation des États-Unis de 1936 à 1940.
- King (W. L. Mackenzie), Premier ministre et président du Conseil privé de 1935 à 1948; secrétaire d'État aux Affaires extérieures de 1935 à 1946.
- Kirkwood (Kenneth P.), deuxième secrétaire, légation au Japon de 1929 à 1939; deuxième secrétaire, légation aux Pays-Bas de 1939 à 1940.
- Koo (V. K. Wellington) ambassadeur de Chine en France de 1936 à 1941.
- LaFlèche (major-général L. R.), sous-ministre de la Défense nationale de 1932 à 1940.
- Lageneste (Henri de), premier secrétaire, légation de France 1936 à 1942.
- Lapointe (Ernest), ministre de la Justice de 1935 à 1941.
- Laval (Pierre), président du Conseil des ministres de France et ministre des Affaires étrangères de 1934 à 1935 et de 1935 à 1936.
- vak Chamber of Deputies, 1929-38; Leader of the Party 1938-39.
- Jolliffe, A. L., Commissioner of Immigration and Chief Controller of Chinese Immigration in the Department of Immigration and Colonization 1926-36; in the Department of Mines and Resources, 1936-43.
- Jordan, W. J., New Zealand High Commissioner in Britain, 1936-51.
- Keenleyside, Hugh, First Secretary, Legation in Japan, 1929-36; First Secretary, Department of External Affairs, 1936-40.
- Kempff, L., German Consul General, 1921-37.
- Kennedy, Joseph P., United States Ambassador in Britain, 1938-41.
- Key, David McK., Second Secretary, United States Legation, 1936-40.
- King, W. L. Mackenzie, Prime Minister and President of the Privy Council, 1935-48; Secretary of State for External Affairs, 1935-46.
- Kirkwood, Kenneth P., Second Secretary, Legation in Japan, 1929-39; Second Secretary, Legation in The Netherlands, 1939-40.
- Koo, V. K. Wellington, Chinese Ambassador in France, 1936-41.
- LaFlèche, Major-General L. R., Deputy Minister of National Defence, 1932-40.
- Lageneste, Henri de, First Secretary, French Legation, 1936-42.
- Lapointe, Ernest, Minister of Justice, 1935-41.
- Laval, Pierre, President of the French Council of Ministers and Minister of Foreign Affairs, 1934-35 and 1935-36.

- Leith-Ross (sir Frederick), conseiller économique principal du gouvernement de Grande-Bretagne de 1932 à 1946.
- Lemaire (E. J.), greffier du Conseil privé de 1923 à 1939.
- Lester (Sean), haut commissaire de la Société des Nations à Dantzig de 1933 à 1937; Secrétaire général adjoint de 1937 à 1940.
- Lewis (David), secrétaire national, Fédération coopérative du Commonwealth de 1937 à 1950.
- Liddell Hart (capitaine Basil Henry), correspondant militaire du *Times* de 1935 à 1939; conseiller particulier du secrétaire d'État à la Guerre de Grande-Bretagne de 1937 à 1938.
- Lindsay (sir Ronald), ambassadeur de Grande-Bretagne aux États-Unis de 1930 à 1939.
- Little (W. R.), commissaire de l'Émigration européenne au ministère de l'Immigration de la Colonisation de 1930 à 1936; au ministère des Mines et des Ressources de 1936 à 1942.
- Litvinov (Maxim), commissaire du Peuple aux Affaires étrangères de l'Union soviétique de 1930 à 1939; vice-commissaire de 1939 à 1946.
- Lloyd George (David), député à la Chambre des Communes de Grande-Bretagne de 1890 à 1944.
- Lothrop (H. W.), greffier adjoint du Conseil privé de 1934 à 1942.
- Loveday (Alexander), directeur, section financière, Société des Nations de 1931 à 1939; directeur, département économique, financier et du transit de 1939 à 1946.
- Lyons (J. A.), premier ministre d'Australie de 1932 à 1939.
- Lyttelton (capitaine Oliver), administrateur gérant, *British Metal Corporation*; contrôleur des Métaux non-ferreux, ministère de l'Approvisionnement de Grande-Bretagne de 1939 à 1940.
- Leith-Ross, Sir Frederick, Chief Economic Adviser to the British Government, 1932-46.
- Lemaire, E. J., Clerk of the Privy Council, 1923-39.
- Lester, Sean, League of Nations High Commissioner at Danzig, 1933-37; Deputy Secretary-General, 1937-40.
- Lewis, David, National Secretary, Co-operative Commonwealth Federation, 1937-50.
- Liddell Hart, Captain Basil Henry, Military Correspondent of *The Times*, 1935-39; Personal Adviser to the British Secretary of State for War, 1937-38.
- Lindsay, Sir Ronald, British Ambassador in the United States, 1930-39.
- Little, W. R., Commissioner of European Emigration in the Department of Immigration and Colonization, 1930-36; in the Department of Mines and Resources, 1936-42.
- Litvinov, Maxim, Soviet People's Commissar for Foreign Affairs, 1930-39; Vice-Commissar, 1939-46.
- Lloyd George, David, Member of the British House of Commons, 1890-1944.
- Lothrop, H. W., Assistant Clerk of the Privy Council, 1934-42.
- Loveday, Alexander, Director, Financial Section of the League of Nations, 1931-39; Director, Economic, Financial and Transit Department, 1939-46.
- Lyons, J. A., Australian Prime Minister, 1932-39.
- Lyttelton, Captain Oliver, Managing Director, British Metal Corporation; Controller of Non-Ferrous Metals, British Ministry of Supply, 1939-40.

- Macdonald (J. Scott), premier secrétaire, ministère des Affaires extérieures de 1935 à 1939; premier secrétaire, légation en France de 1939 à 1940.
- MacDonald (Malcolm), secrétaire d'État de Grande-Bretagne aux Affaires des Dominions (secrétaire aux Dominions) de 1935 à 1938 et de 1938 à 1939; secrétaire d'État aux Colonies de 1938 à 1940.
- MacKenzie (Ian), ministre de la Défense nationale de 1935 à 1939.
- Mahoney (M. M.), premier secrétaire (commercial), légation aux États-Unis de 1927 à 1938; conseiller commercial de 1938 à 1941.
- Maisky (Ivan), ambassadeur de l'Union soviétique en Grande-Bretagne de 1932 à 1943.
- Malcolm (major-général sir Neill), haut commissaire de la Société des Nations pour les réfugiés de l'Allemagne de 1936 à 1938.
- Marler (sir Herbert), ministre au Japon de 1929 à 1936; ministre aux États-Unis de 1936 à 1939.
- Mason (Paul), secrétaire adjoint, haut commissariat de Grande-Bretagne de 1937 à 1940.
- Massey (Vincent), haut commissaire en Grande-Bretagne de 1935 à 1946.
- Mayrand (Léon), troisième secrétaire, ministère des Affaires extérieures de 1934 à 1939; troisième secrétaire, haut commissariat en Grande-Bretagne de 1939 à 1940.
- McDougall (F. L.), représentant d'Australie et président, Comité impérial économique de 1935 à 1937; conseiller économique à Londres du gouvernement d'Australie.
- McGreer (E. D'Arcy), deuxième secrétaire, légation aux États-Unis de 1932 à 1936; deuxième secrétaire,
- Macdonald, J. Scott, First Secretary, Department of External Affairs, 1935-39; First Secretary, Legation in France, 1939-40.
- MacDonald, Malcolm, British Secretary of State for Dominion Affairs (Dominions Secretary), 1935-38 and 1938-39; Secretary of State for the Colonies, 1938-40.
- MacKenzie, Ian, Minister of National Defence, 1935-39.
- Mahoney, M. M., First Secretary (Commercial), Legation in the United States, 1927-38; Commercial Counsellor, 1938-41.
- Maisky, Ivan, Soviet Ambassador in Britain, 1932-43.
- Malcolm, Major-General Sir Neill, League of Nations High Commissioner for Refugees from Germany, 1936-38.
- Marler, Sir Herbert, Minister in Japan, 1929-36; Minister in the United States, 1936-39.
- Mason, Paul, Assistant Secretary, British High Commission, 1937-40.
- Massey, Vincent, High Commissioner in Britain, 1935-46.
- Mayrand, Léon, Third Secretary, Department of External Affairs, 1934-39; Third Secretary, High Commission in Britain, 1939-40.
- McDougall, F. L., Australian Representative and Chairman, Imperial Economic Committee, 1935-37; Economic Adviser in London to the Australian government.
- McGreer, E. D'Arcy, Second Secretary, Legation in the United States, 1932-36; Second Secretary, Legation in Japan,

- légation au Japon de 1936 à 1938; premier secrétaire de 1938 à 1942; chargé d'affaires de 1939 à 1942.
- McGregor (L. R.), délégué commercial d'Australie de 1930 à 1938.
- McIvor (George), commissaire en chef adjoint, Commission canadienne du blé de 1935 à 1937; commissaire en chef de 1937 à 1958.
- McKenzie (Marjorie), commis principal, ministère des Affaires extérieures de 1936 à 1947.
- McKinnon (Hector B.), commissaire des Tarifs, ministère des Finances de 1930 à 1940.
- Mead (commissaire adjoint F. J.), commandant divisionnaire, Division «C» (Québec), Gendarmerie royale du Canada de 1933 à 1938; commandant divisionnaire, Division «H» (Nouvelle-Écosse) de 1939 à 1941.
- Meighen (Arthur), sénateur de 1932 à 1941.
- Métaxas (Ioannès), premier ministre de Grèce, ministre de la Guerre, ministre de la Marine, ministre de l'Air et ministre des Affaires étrangères de 1936 à 1941; ministre de l'Éducation de 1938 à 1941.
- Meyer (D. de Waal), délégué commercial de l'Afrique du Sud de 1932 à 1938; représentant accrédité de 1938 à 1944.
- Molotov (V. M.), membre du Politburo du Parti communiste soviétique de 1926 à 1952; commissaire du Peuple aux Affaires étrangères de 1939 à 1946; président du Conseil des commissaires du Peuple de 1930 à 1941.
- Monsell d'Evesham (vicomte), premier lord de l'Amirauté de Grande-Bretagne de 1931 à 1936.
- Moore (R. Walton), secrétaire d'État adjoint des États-Unis de 1933 à 1937; conseiller, département d'État de 1937 à 1941.
- 1936-38; First Secretary, 1938-42; Chargé d'Affaires, 1939-42.
- McGregor, L. R., Australian Trade Commissioner, 1930-38.
- McIvor, George, Assistant Chief Commissioner, Canadian Wheat Board, 1935-37; Chief Commissioner, 1937-58.
- McKenzie, Marjorie, Principal Clerk, Department of External Affairs, 1936-47.
- McKinnon, Hector B., Tariff Commissioner, Department of Finance, 1930-40.
- Mead, Assistant Commissioner F. J., Officer Commanding "C" Division (Quebec), Royal Canadian Mounted Police, 1933-38; Officer Commanding "H" Division, (Nova Scotia), 1939-41.
- Meighen, Arthur, Senator, 1932-41.
- Metaxas, Ioannis, Greek Prime Minister, Minister of War, Minister of Marine, Minister of Air and Minister of Foreign Affairs, 1936-41; Minister of Education, 1938-41.
- Meyer, D. de Waal, South African Trade Commissioner, 1932-38; Accredited Representative, 1938-44.
- Molotov, V. M., Member of the Politburo of the Soviet Communist Party, 1926-52; People's Commissar for Foreign Affairs, 1939-46; Chairman of the Council of People's Commissars, 1930-41.
- Monsell of Evesham, Viscount, British First Lord of the Admiralty, 1931-36.
- Moore, R. Walton, United States Assistant Secretary of State 1933-37; Counsellor, Department of State, 1937-41.



- Morrow (Dwight), ambassadeur des États-Unis au Mexique de 1927 à 1931; délégué à la Conférence navale de Londres en 1930.
- Munroe (R. N.), commissaire adjoint de l'Immigration, ministère des Mines et des Ressources de 1936 à 1943.
- Mussolini (Benito), G. C. B., chef du gouvernement d'Italie, Premier ministre et ministre de l'Intérieur de 1926 à 1943; ministre de la Guerre de 1933 à 1943; ministre de la Marine et de l'Air de 1936 à 1943; premier maréchal de l'Empire de 1938 à 1943.
- Nash (Walter), ministre des Finances de Nouvelle-Zélande, ministre des Douanes de 1935 à 1949; ministre de la Commercialisation de 1936 à 1941.
- Negrin (Juan), ministre des Finances de la République espagnole de 1936 à 1937; Premier ministre de 1937 à 1939; ministre de la Défense nationale de 1938 à 1939.
- Nelles (contre-amiral Percy W.), chef de l'État-major naval de 1934 à 1944.
- O'Kelly (colonel Andrew), commissaire adjoint de l'Émigration européenne, ministère des Mines et des Ressources.
- Page (sir Earle), ministre du Commerce d'Australie de 1934 à 1939; Premier ministre en 1939.
- Palmer (Ely E.), conseiller, légation des États-Unis de 1935 à 1938.
- Papen (Franz von), chancelier d'Allemagne en 1932.
- Paul-Boncour (Joseph), ministre d'État de France chargé des Affaires concernant la Société des Nations en 1936; ministre des Affaires étrangères en 1938.
- Pearson (Lester B.), premier secrétaire, haut commissariat en Grande-Bretagne de 1935 à 1939; secrétaire de 1939 à 1941.
- Pereira, (F. L. C.), secrétaire adjoint, Gouverneur général de 1934 à 1948.
- Morrow, Dwight, United States Ambassador in Mexico, 1927-31; Delegate to London Naval Conference, 1930.
- Munroe, R. N., Assistant Commissioner of Immigration, Department of Mines and Resources, 1936-43.
- Mussolini, Benito, G.C.B., Head of the Italian Government, Prime Minister and Minister of the Interior, 1926-43; Minister of War, 1933-43; Minister of the Navy, Minister of Aviation, 1936-43; First Marshal of the Empire, 1938-43.
- Nash, Walter, New Zealand Minister of Finance, Minister of Customs, 1935-49; Minister of Marketing, 1936-41.
- Negrin, Juan, Minister of Finance of the Spanish Republic, 1936-37; Prime Minister, 1937-39; Minister of National Defence, 1938-39.
- Nelles, Rear Admiral Percy W., Chief of the Naval Staff, 1934-44.
- O'Kelly, Colonel Andrew, Assistant Commissioner of European Emigration, Department of Mines and Resources.
- Page, Sir Earle, Australian Minister of Commerce, 1934-39; Prime Minister, 1939.
- Palmer, Ely E., Counsellor, United States Legation, 1935-38.
- Papen, Franz von, German Chancellor, 1932.
- Paul-Boncour, Joseph, French Minister of State in charge of League of Nations Affairs, 1936; Minister of Foreign Affairs, 1938.
- Pearson, Lester B., First Secretary, High Commission in Britain, 1935-39; Secretary, 1939-41.
- Pereira, F. L. C., Assistant Secretary to the Governor General, 1934-48.

- Perkins (France), secrétaire au Travail des États-Unis de 1933 à 1945.
- Phelan (E. J.), directeur adjoint, Bureau international du Travail de 1933 à 1938; sous-directeur de 1938 à 1947.
- Pope (sir Joseph), sous-secrétaire d'État aux Affaires extérieures de 1909 à 1925.
- Potemkine (Vladimir), ambassadeur de l'Union soviétique en France, 1934-37; vice-commissaire du Peuple aux Affaires étrangères de 1937 à 1940.
- Read (John), conseiller juridique, ministère des Affaires extérieures de 1929 à 1946.
- Redfern (A. S.), secrétaire, Gouverneur général de 1935 à 1945.
- Renaud (Paul-Émile), troisième secrétaire, bureau consultatif auprès de la Société des Nations de 1929 à 1937; deuxième secrétaire de 1937 à 1939; deuxième secrétaire, légation en Belgique de 1939 à 1940.
- Ribbentrop (Joachim von), ambassadeur itinérant d'Allemagne de 1935 à 1938; ambassadeur en Grande-Bretagne de 1936 à 1938; ministre des Affaires étrangères de 1938 à 1945.
- Riddell (Walter A.), conseiller auprès de la Société des Nations de 1925 à 1937; représentant du gouvernement du Canada au Conseil d'Administration, Bureau international du Travail de 1935 à 1937; conseiller, légation aux États-Unis de 1937 à 1940.
- Rinfret (Fernand), secrétaire d'État de 1935 à 1939.
- Ritchie (Charles), troisième secrétaire, ministère des Affaires extérieures de 1934 à 1936; troisième secrétaire, légation aux États-Unis de 1936 à 1939; troisième secrétaire, haut commissariat en Grande-Bretagne de 1939 à 1940.
- Robb (capitaine de groupe J. M.), commandant, École centrale d'aviation de la RAF de 1936 à 1940.
- Perkins, Frances, United States Secretary of Labour, 1933-45.
- Phelan, E. J., Assistant Director, International Labour Office, 1933-38; Deputy Director, 1938-41.
- Pope, Sir Joseph, Under-Secretary of State for External Affairs, 1909-25.
- Potemkin, Vladimir, Soviet Ambassador in France, 1934-37; People's Vice-Commissar for Foreign Affairs, 1937-1940.
- Read, John, Legal Adviser, Department of External Affairs, 1929-46.
- Redfern, A. S., Secretary to the Governor General, 1935-45.
- Renaud, Paul-Émile, Third Secretary, Advisory Office at the League of Nations, 1929-37; Second Secretary, 1937-39; Second Secretary, Legation in Belgium, 1939-40.
- Ribbentrop, Joachim von, German Ambassador-at-Large, 1935-38; Ambassador in Britain, 1936-38; Foreign Minister, 1938-45.
- Riddell, Walter A., Advisory Officer, League of Nations, 1925-37; Canadian Government Representative on the Governing Body, International Labour Office, 1935-37; Counsellor, Legation in the United States, 1937-40.
- Rinfret, Fernand, Secretary of State, 1935-39.
- Ritchie, Charles, Third Secretary, Department of External Affairs, 1934-36; Third Secretary, Legation in the United States, 1936-39; Third Secretary, High Commission in Britain, 1939-40.
- Robb, Group Captain J. M., Commandant, RAF Central Flying School, 1936-40.

- Robertson (Norman A.), premier secrétaire, ministère des Affaires extérieures de 1935 à 1940.
- Robertson, Norman A., First Secretary, Department of External Affairs, 1935-40.
- Rogers (Norman McL.), ministre du Travail de 1935 à 1939.
- Rogers, Norman McL., Minister of Labour, 1935-39.
- Roper (Daniel C.), secrétaire au Commerce des États-Unis de 1933 à 1938; ministre au Canada en 1939.
- Roper, Daniel C., United States Secretary of Commerce, 1933-38; Minister in Canada, 1939.
- Roosevelt (Franklin Delano), président des États-Unis de 1933 à 1945.
- Roosevelt, Franklin Delano, President of the United States, 1933-45.
- Rowe (Earl), leader du Parti conservateur d'Ontario de 1936 à 1938.
- Rowe, Earl, Leader, Ontario Conservative Party, 1936-38.
- Roy (Philippe), ministre en France de 1928 à 1938.
- Roy, Philippe, Minister in France, 1928-38.
- Rublee (George), directeur, Comité intergouvernemental pour les réfugiés de l'Allemagne et de l'Autriche de 1938 à 1939.
- Rublee, George, Director, Intergovernmental Committee on Refugees from Germany and Austria, 1938-39.
- Runciman de Doxford (vicomte), président du *Board of Trade* de Grande-Bretagne de 1931 à 1937; chef de la mission en Tchécoslovaquie en 1938.
- Runciman of Doxford, Viscount, President of the British Board of Trade, 1931-37; Head of the Mission to Czechoslovakia, 1938.
- Savage (Michael), premier ministre et ministre des Affaires extérieures de Nouvelle-Zélande de 1935 à 1940.
- Savage, Michael J., New Zealand Prime Minister and Minister of External Affairs, 1935-40.
- Sayre (F. B.), secrétaire d'État adjoint des États-Unis chargé des négociations des Accords commerciaux de 1933 à 1939.
- Sayre, F. B., United States Assistant Secretary of State in charge of negotiation of Trade Agreements, 1933-39.
- Schacht (Hjalmar), président de la *Reichsbank* de 1933 à 1939; ministre de l'Économie d'Allemagne de 1934 à 1937; ministre sans portefeuille de 1937 à 1943.
- Schacht, Hjalmar, President of the *Reichsbank*, 1933-39; German Minister of Economics, 1934-37; Minister without Portfolio, 1937-43.
- Schuschnigg (Kurt von), chancelier d'Autriche, ministre de la Défense et ministre des Affaires étrangères de 1934 à 1938.
- Schuschnigg, Kurt von, Austrian Chancellor, Minister of Defence and Minister of Foreign Affairs, 1934-38.
- Scully (H. D.), commissaire des Douanes, ministère du Revenu national de 1933 à 1943.
- Scully, H. D., Commissioner of Customs, Department of National Revenue, 1933-43.
- Shelmerdine (sir Francis C.), directeur général de l'Aviation civile de Grande-Bretagne de 1934 à 1941.
- Shelmerdine, Sir Francis C., British Director General of Civil Aviation, 1934-41.

- Silvercruys (baron Robert de), ministre de Belgique de 1937 à 1943.
- Simmons (John Farr), conseiller, légation des États-Unis de 1938 à 1941.
- Simon (sir John), secrétaire d'État aux Affaires étrangères de Grande-Bretagne de 1931 à 1935; secrétaire d'État aux Affaires intérieures et leader adjoint de la Chambre des Communes de 1935 à 1937; chancelier de l'Échiquier de 1937 à 1940.
- Simpson (sir John Hope), commissaire aux Ressources naturelles, Commission du gouvernement, Terre-Neuve de 1934 à 1936.
- Skelton (Oscar D.), sous-secrétaire d'État aux Affaires extérieures de 1925 à 1941.
- Smuts (général Jan Christian), ministre de la Justice de l'Afrique du Sud de 1933 à 1939; Premier ministre, ministre des Affaires extérieures et ministre de la Défense de 1939 à 1948.
- Spaak (Paul-Henri), ministre du Commerce de Belgique de 1936 à 1938; ministre des Affaires étrangères de 1936 à 1939; premier ministre de 1937 à 1938.
- Staline (Joseph V. Djougachvili), membre du Politburo du Parti communiste soviétique de 1917 à 1952; secrétaire général du Comité central du Parti communiste soviétique de 1922 à 1953.
- Stanley (lord Edward), secrétaire d'État de Grande-Bretagne aux Affaires des Dominions (secrétaire aux Dominions) en 1938.
- Stanton (colonel F. M.), secrétaire adjoint, haut commissariat en Grande-Bretagne de 1936 à 1939.
- Steere (L. V.), représentant du gouvernement des États-Unis, Comité consultatif international sur le blé de 1934 à 1939.
- Stopford (R. J.), membre de la mission Runciman en Tchécoslovaquie en
- Silvercruys, Baron Robert de, Belgian Minister, 1937-43.
- Simmons, John Farr, Counsellor, United States Legation, 1938-41.
- Simon, Sir John, British Secretary of State for Foreign Affairs, 1931-35; Secretary of State for Home Affairs and Deputy Leader of the House of Commons, 1935-37; Chancellor of the Exchequer, 1937-40.
- Simpson, Sir John Hope, Commissioner for Natural Resources, Commission of Government, Newfoundland, 1934-36.
- Skelton, Oscar D., Under-Secretary of State for External Affairs, 1925-41.
- Smuts, General Jan Christian, South African Minister of Justice, 1933-39; Prime Minister, Minister of External Affairs and Minister of Defence, 1939-48.
- Spaak, Paul-Henri, Belgian Minister of Trade, 1936-38; Minister of Foreign Affairs, 1936-39; Prime Minister, 1937-38.
- Stalin, Joseph V. Djugushvili, Member of the Politburo of the Soviet Communist Party, 1917-52; General Secretary of the Central Committee of the Soviet Communist Party, 1922-53.
- Stanley, Lord Edward, British Secretary of State for Dominion Affairs (Dominions Secretary), 1938.
- Stanton, Colonel F. M., Assistant Secretary, High Commission in Britain, 1936-39.
- Steere, L. V., United States Government Representative, International Wheat Advisory Committee, 1934-39.
- Stopford, R. J., Member of the Runciman Mission to Czechoslovakia, 1938; Brit-

- 1938; officier de liaison de Grande-Bretagne pour les réfugiés auprès du gouvernement de Tchécoslovaquie de 1938 à 1939.
- Strathcona (baron), haut commissaire en Grande-Bretagne de 1896 à 1914.
- Stresemann (Gustav), ministre des Affaires étrangères d'Allemagne de 1923 à 1926.
- Swinton de Masham (vicomte), secrétaire d'État à l'Air de Grande-Bretagne de 1935 à 1938.
- Taylor (Myron), ambassadeur des États-Unis en mission spéciale et président, conférence d'Évian en 1938; vice-président, Comité intergouvernemental pour les réfugiés politiques de 1938 à 1944.
- te Water (C. T.), haut commissaire de l'Afrique du Sud en Grande-Bretagne de 1929 à 1939.
- Tixier (A. P.), directeur adjoint, Bureau international du Travail de 1937 à 1940.
- Trippe (Juan Terry), président et administrateur gérant, *Pan American Airways* de 1927 à 1964.
- Tweedsmuir d'Elsfield (baron), Gouverneur général de 1935 à 1940.
- Ugaki (Kazushige), ministre des Affaires étrangères du Japon en 1938.
- Vanier (Georges P.), secrétaire, haut commissariat en Grande-Bretagne de 1931 à 1939; ministre en France de 1939 à 1940.
- Wallace (Henry), secrétaire à l'Agriculture des États-Unis de 1933 à 1940.
- Walters (F. P.), sous-Secrétaire général et directeur de la section politique, Société des Nations de 1933 à 1939; Secrétaire général adjoint de 1939 à 1940.
- Walwyn (vice-amiral sir Humphrey), gouverneur de Terre-Neuve de 1936 à 1946.
- ish Liaison Officer for Refugees with the Czechoslovak Government, 1938-39.
- Strathcona, Baron, High Commissioner in Britain, 1896-1914.
- Stresemann, Gustav, German Foreign Minister, 1923-26.
- Swinton of Masham, Viscount, British Secretary of State for Air, 1935-38.
- Taylor, Myron, United States Ambassador on Special Mission and Chairman, Evian Conference, 1938; Vice-Chairman, Intergovernmental Committee on Political Refugees, 1938-44.
- te Water, C. T., South African High Commissioner in Britain, 1929-39.
- Tixier, A. P., Assistant Director, International Labour Office, 1937-40.
- Trippe, Juan Terry, President and Managing Director, Pan American Airways, 1927-64.
- Tweedsmuir of Elsfield. Baron, Governor General, 1935-40.
- Ugaki, Kazushige, Japanese Minister of Foreign Affairs, 1938.
- Vanier, Georges P., Secretary, High Commission in Britain, 1931-39; Minister in France, 1939-40.
- Wallace, Henry, United States Secretary of Agriculture, 1933-40.
- Walters, F. P., Under-Secretary-General and Director of the Political Section, League of Nations, 1933-39; Deputy Secretary-General, 1939-40.
- Walwyn, Vice-Admiral Sir Humphrey, Governor of Newfoundland, 1936-46.

- Weir d'Eastwood (vicomte), conseiller du gouvernement de Grande-Bretagne sur les mesures nécessaires à la défense nationale de 1936 à 1937.
- Weirsäcker, (baron Ernst von), directeur, département politique, office des Affaires étrangères d'Allemagne de 1936 à 1938; secrétaire d'État, office des affaires étrangères de 1938 à 1943.
- Welles (Sumner), secrétaire d'État adjoint des États-Unis de 1933 à 1937; sous-secrétaire d'État de 1937 à 1943.
- Wiedemann (capitaine Fritz), aide-de-camp d'Adolf Hitler de 1935 à 1939.
- Wigram de Clewer (baron), secrétaire particulier du Roi de 1931 à 1936; écuyer supplémentaire de 1931 à 1935; garde de la Bourse privé de 1935 à 1936.
- Wilgress (L. Dana), directeur, service des Renseignements commerciaux, ministère du Commerce de 1932 à 1940.
- Wilson (sir Horace), conseiller industriel principal du gouvernement de Grande-Bretagne de 1930 à 1939; détaché auprès de la Trésorerie pour service avec le Premier ministre de 1935 à 1939.
- Wilson (Woodrow), président des États-Unis de 1913 à 1921.
- Winant (John G.), président, Commission de sécurité sociale des États-Unis de 1935 à 1937; directeur adjoint, Bureau international du Travail de 1937 à 1938; directeur de 1938 à 1941.
- Windels (Erich), consul général d'Allemagne de 1937 à 1939.
- Wohlthat (H. C. H.), rapporteur et directeur ministériel, ministère de l'Économie d'Allemagne de 1934 à 1940; directeur ministériel et chef, bureau du Reich pour le contrôle monétaire de 1935 à 1940; directeur ministériel pour les allocations spéciales au feld-maréchal Göring relatives au Plan de quatre ans de 1938 à 1940.
- Weir of Eastwood, Viscount, Adviser to the British Government on measures for National Defence, 1936-37.
- Weirsäcker, Baron, Ernst von, Director, Political Department, German Foreign Office, 1936-38; State Secretary, Foreign Office, 1938-43.
- Welles, Sumner, United States Assistant Secretary of State, 1933-37; Under Secretary of State, 1937-43.
- Wiedemann, Captain Fritz, aide-de camp to Adolf Hitler, 1935-39.
- Wigram of Clewer, Baron, Private Secretary to the King, 1931-36; Extra Equerry, 1931-35; Keeper of the Privy Purse, 1935-36.
- Wilgress, L. Dana, Director, Commercial Intelligence Service, Department of Trade and Commerce, 1932-40.
- Wilson, Sir Horace, Chief Industrial Adviser to the British Government, 1930-39; seconded to the Treasury for service with the Prime Minister, 1935-39.
- Wilson, Woodrow, President of the United States, 1913-21.
- Winant, John G., Chairman, United States Social Security Board, 1935-37; Assistant Director, International Labour Office, 1937-38; Director, 1938-41.
- Windels, Erich, German Consul General, 1937-39.
- Wohlthat, H. C. H., Rapporteur and Ministerial Director, German Ministry of Economics, 1934-40; Ministerial Director and Chief, Reich Office for Currency Control, 1935-40; Ministerial Director for Special Allocations to Field Marshal Göring in connection with the Four Year Plan, 1938-40.

Wrong (H. Hume), conseiller, légation aux États-Unis de 1932 à 1937; chargé d'affaires aux États-Unis de 1935 à 1936; conseiller auprès de la Société des Nations de 1937 à 1938; représentant du gouvernement du Canada au Conseil d'administration, Bureau international du Travail de 1937 à 1939; délégué permanent auprès de la Société des Nations de 1938 à 1941.

Zafrulla Khan (sir Muhammad), membre, Conseil exécutif du gouverneur général des Indes de 1932 à 1941.

Zetland (marquis de), secrétaire d'État de Grande-Bretagne pour les Indes de 1935 à 1940; secrétaire d'État pour la Birmanie de 1937 à 1940.

Wrong, H. Hume, Counsellor, Legation in the United States, 1932-37; Chargé d'Affaires, 1935-36; Advisory Officer, League of Nations, 1937-38; Canadian Government Representative on the Governing Body, International Labour Office, 1937-39; Permanent Delegate, League of Nations, 1938-41.

Zafrulla Khan, Sir Muhammad, Member, Executive Council of the Governor General of India, 1932-41.

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## CHAPITRE I/CHAPTER I

### CONDUITE DES RELATIONS EXTÉRIEURES

#### CONDUCT OF EXTERNAL RELATIONS

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#### PARTIE 1/PART 1

#### MORT ET AVÈNEMENT DU MONARQUE

#### DEATH AND ACCESSION OF MONARCH

1.

*Le secrétaire d'État aux Affaires extérieures au ministre au Japon<sup>1</sup>*

*Secretary of State for External Affairs to Minister in Japan<sup>1</sup>*

TELEGRAM 4

Ottawa, January 20, 1936

PRIORITY. IMMEDIATE. Deeply regret to inform you that His Majesty King George the Fifth died today just before midnight, G.M.T.

Notification regarding date of funeral, Court Mourning and accession and title of new Sovereign will be sent to you as soon as possible. In the meantime, you should half mast your flag until further notice.

<sup>1</sup> Envoyé aussi au ministre en France, au conseiller [SDN], au ministre aux États-Unis.  
Also sent to Minister in France, Advisory Officer [L. of N], Minister in United States.

## 2.

*Le secrétaire d'État aux Affaires extérieures au ministre des États-Unis<sup>1</sup>*  
*Secretary of State for External Affairs to United States Minister<sup>1</sup>*

No. 8

Ottawa, January 20, 1936

Sir,

I have the honour to inform you, with profound regret, of the death of His late Most Gracious Majesty King George the Fifth.

I shall inform you of the accession of the new Sovereign.

I shall also inform you of the date of the funeral of His late Majesty and of the period of mourning which will be observed at Government House, Ottawa.

Accept etc.

O. D. SKELTON for the . . .

## 3.

*Mémorandum<sup>2</sup>**Memorandum<sup>2</sup>*

Ottawa, January 20, 1936

Attached are telegrams<sup>3</sup> regarding appointment of Counsellors of State. It will be noted that the Counsellors of State are drawn wholly from the Royal Family. On the last occasion in 1928, three were members of the Royal Family, the Queen, the Prince of Wales and the Duke of York, and the other three were the Prime Minister, the Lord Chancellor and the Archbishop of Canterbury.

The Press called this morning and stated that a despatch from London indicates that a change has been made as a result of representations from a number of the dominions, including Canada, to the effect that the appointment of British Ministers as Counsellors was not consistent with the constitutional relationship. I stated that no representations on this subject had been made by the Canadian Government, though the present arrangement was more consistent with the constitutional position than the one of 1928.

I have no direct information, but I should not be surprised if the matter had been discussed privately during the Imperial Conference of 1930. The Secret report on the minutes of the meetings has the following paragraph regarding proceedings on November 10th, 1930:

The Secretary of State for Dominion Affairs raised the question of the procedure which might be followed should an emergency unfortunately arise similar to that in 1928, before there had been an opportunity for further discussion be-

<sup>1</sup> Envoyée aussi au ministre de France, au ministre du Japon.

Also sent to French Minister, Japanese Minister.

<sup>2</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

<sup>3</sup> Non reproduits/not printed.

tween His Majesty's several Governments. He suggested that it might be best, in regard to the appointment of Counsellors of State, to follow the general procedure adopted on that occasion, with the following qualification, namely, that no persons should be nominated to act as Counsellors of State who were not Members of the Royal Family.

It was agreed—

(1) That it was desirable to adopt the proposal in regard to Counsellors of State outlined above.

(2) That no reference should be made to this subject in the Report of the Conference.

The second telegram attached, Circular B. 8, refers to the Regency proposals made last spring and which contemplated the possibility of a lengthy incapacity on the part of the Sovereign. The question arose whether establishment of Regents should be effected by legislation in the United Kingdom alone or legislation in all the Commonwealth Governments. Mr. Bennett was prepared to acquiesce in the first suggestion but strong opposition was expressed by the Irish Free State.

4.

*Mé morandum*

*Memorandum*

January 21, 1936

REGARDING DEATH OF HIS MAJESTY GEORGE V

*Notification of death of Sovereign from London to Canada:*

G.G. received a telegram from Lord Wigram yesterday evening informing His Excellency and requesting him to advise Prime Minister.

No notification came through Sec. of State for Dominion Affairs.

*Notification to Sec. of State and other Departments:*

When Dr. Skelton was advised (at 8.45 p.m.) yesterday evening of the notification to the Governor General and to the Prime Minister, he telephoned Mr. Coleman.

It was understood that the Department of the Secretary of State would advise the other Departments.

*Notification to Canadian Legations abroad, Canadian Offices at London and Geneva:*

Telegrams were sent last night (about 9.30) informing the Legations and Offices and instructing them about half masting flags.

It was added that further advice would be cabled about accession, mourning and date of funeral.

*Notification to Foreign Legations at Ottawa:*

Diplomatic notes to the three Foreign [sic] Ministers were mailed last night, advising them of the death of the Sovereign and adding that they would be further advised about the new Sovereign, mourning and date of funeral.

*Black-edged notepaper:*

According to paragraph 5, of Regulations relating to Court Mourning, received from Lord Chamberlain in 1932, black-edged notepaper is to be discontinued by Government Departments, except by the Foreign Office for communications with Foreign Governments and Ambassadors. It seems doubtful whether such regulation will apply for Court Mourning in regard to our own Sovereign.

A telegram was sent last night to Mr. Massey to enquire on this point.

*Draping of public buildings:*

A telegram was sent last night to Mr. Massey on the point whether buildings other than Parliament, East and West Block Buildings are to be draped.

*Representation at Funeral in London:*

Mr. Massey was asked by telegram last night whether he thought Canadian Minister in Paris might be associated with him at the Funeral.

*Other points to be ascertained:*

(a) Do our Ministers abroad require to be accredited again (by the new Sovereign)?

(b) Do they have to be sworn in again as Privy Councillors?  
If so, how should it be done?

(c) Do Foreign [sic] Ministers at Ottawa require to be accredited again here?

(d) *Continued use of Public Seal:*

(See attached copy of letter 27th May, 1910,<sup>1</sup> from Crewe to Administrator, Ottawa).

In two or three weeks, the new Sovereign will issue Royal Warrant for this purpose.

This, I assume, should be countersigned by the Secretary of State for External Affairs.

In a few days, Mr. Massey might be instructed to take up matter with Dominions Office.

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<sup>1</sup> Non reproduite/not printed.

## 5.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 25

London, January 21, 1936

CONFIDENTIAL. Your telegram No. 8, January 20th.<sup>1</sup> Dominions Office reply as follows with regard to first and second queries, Begins: Regarding practice as to decoration and draping of public buildings, we understand that no decision has yet been taken on this point on the present occasion, though it is understood that on the last occasion rule was laid down that there was to be no draping of public buildings, and it seems likely that this would be followed on the present occasion.

With regard to curtailment of ceremonies on the occasion of the first session of Parliament following the death of the Sovereign, while we have been unable to obtain any authoritative statement, it appears that the position is that no alteration in ceremonies would be likely to be made here except that Court rule as to mourning would be strictly observed. Ends.

Reference last query, I am informed that any Ambassadors or Ministers now at their stations abroad will remain there until after funeral, and in addition the Foreign Office are about to submit to the Secretary of State a Minute asking his approval of sending back to their stations prior to funeral any Ambassadors or Ministers now in the United Kingdom. The High Commissioners for South Africa and the Irish Free State do not expect their Ministers on the Continent to come to London for the funeral. I understand that it is proper for Ambassadors and Ministers abroad to take part in whatever local ceremonies may be held in foreign countries following the Sovereign's death.

In view of the above I hardly think it would be appropriate for Minister in Paris to come to London for funeral.

MASSEY

## 6.

*Mé morandum<sup>2</sup>*

*Memorandum<sup>2</sup>*

January 21, 1936

## PROCEDURE REGARDING ACCESSION OF NEW KING

Attached are two telegrams of this date. The first indicates that an Accession Council will be held today to sign the Proclamation of His

<sup>1</sup> Non reproduit/not printed.

<sup>2</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

Majesty's accession, and that His Majesty will be publicly proclaimed tomorrow. The second telegram gives the terms of the Proclamation, which follows the usual form.

The State and Justice Departments have prepared two documents for Council:

1. Proclamation by the Governor-General assisted by His Majesty's Privy Council for Canada.
2. Proclamation authorizing all officers and judges to retain their office subject to taking as soon as possible hereafter the customary Oath of Allegiance.

It would therefore appear necessary to have action taken by Council today, both in order that the Proclamation may issue tomorrow and that there should be no question of continuance of persons now holding office.

Mr. Archer telephoned this morning to say that he had received a telegram from the Dominions Office raising the question as to whether the Canadian Government desired to associate the British High Commissioner here in the Proclamation. This suggestion is evidently based on the fact stated in the accompanying telegram that the High Commissioners in London for the Dominions and India are being invited to attend the accession Council and to sign the Proclamation. If established precedents are followed, however, there is no analogy between the London and Ottawa practice. In London the proclamation is issued by "We, the Lords Spiritual and Temporal of this Realm, being here assisted with these of His late Majesty's Privy Council, with Numbers of other Principal Gentlemen of Quality, with the Lord Mayor, Aldermen, and Citizens of London." Such a group finds its origin in a century before there was any House of Commons or Cabinet and when the Lord Mayor and Citizens of London were supposed to speak for the people. In Canada the practice followed in 1910 was to have a proclamation issued by the Governor General assisted by his Privy Council for Canada, which in practice meant the Cabinet. If it were decided and were found possible to change the practice and to summon all members of the Privy Council regardless of being represented in the Government or not, it might be possible in that case to include the British High Commissioner but he would not appear to have any appropriate place if the precedent of 1910 regarding action by the Cabinet was followed.

[PIÈCE JOINTE 1/ENCLOSURE 1]

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 10

London, January 21, 1936

IMMEDIATE. My telegram of today Circular B. (?)<sup>1</sup>. Following for Prime Minister from my Prime Minister, Begins: Proclamation of His Majesty

<sup>1</sup> Non reproduit/not printed.



King Edward VIII was signed at Accession Council today. Immediately after signature of Proclamation His Majesty was pleased to make the following Declaration, Begins:

The irreparable loss which the British Commonwealth of Nations has sustained by the death of His Majesty, my beloved Father, has devolved upon me the duty of Sovereignty. I know how much you and all my subjects, with I hope I may say, the whole world, feel for me in my sorrow, and I am confident in the affectionate sympathy which will be extended to my dear Mother in her overpowering grief.

When my Father stood here 26 years ago he declared that one of the objects of his life would be to uphold Constitutional Government. In this I am determined to follow in my Father's footsteps and to work as he did throughout his life for the happiness and welfare of all classes of my subjects.

I place my reliance upon the loyalty and affection of my people throughout the Empire and upon the wisdom of their Parliaments to support me in this heavy task, and I pray that God will guide me to perform it. Ends.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 2

London, January 21, 1936

Following is text of Proclamation referred to in my telegram Circular B. ( ) and in my telegrams to Newfoundland and Southern Rhodesia of today, Begins:

Whereas it hath pleased Almighty God to call to His mercy our late Sovereign Lord, King George the Fifth, of blessed and glorious memory, by whose decease the Imperial Crown of Great Britain, Ireland, and all other of His late Majesty's Dominions is solely and rightfully come to the High and Mighty Prince Edward, Albert, Christian, George, Andrew, Patrick, David:

We, therefore, the Lords Spiritual and Temporal of this Realm, being here assisted with those of His late Majesty's Privy Council, with numbers of other principal Gentlemen of quality, with the Lord Mayor, Aldermen, and citizens of London, do now hereby with one voice and consent of tongue and heart, Publish and Proclaim that the High and Mighty Prince Edward, Albert, Christian, George, Andrew, Patrick, David is now by the death of our late Sovereign, of happy memory, become our only lawful and rightful Liege Lord, Edward the Eighth, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas, King, Defender of the Faith, Emperor of India:

To whom we do acknowledge all faith and constant obedience, with all hearty and humble affection, beseeching God, by whom Kings and Queens do Reign, to Bless the Royal Prince Edward the Eighth with long and happy years to Reign over us. Ends.

7.

*Memorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

January 21, 1936

1. The effect of the demise of the Crown upon the office of Governor General is determined by the Demise of the Crown Act, 1901 (I Ed. VII, c.5). This statute provides:

1(1) The holding of any office under the Crown, whether within or without His Majesty's dominions, shall not be affected, nor shall any fresh appointment thereto be rendered necessary, by the demise of the Crown.

2. There can be no doubt that this statute applies to the office of the Governor General. It was enacted before the Statute of Westminster, and no legislation has been enacted by the Parliament of Canada since the Statute of Westminster, inconsistent with its provisions.

3. Accordingly, there can be no doubt that the demise of the Crown has no effect upon the legal position of His Excellency the Governor General. He should, of course, take anew the Oath of Allegiance, as an Act of homage to the new Sovereign, but the taking of this oath does not affect his capacity to do any act that is within the authority of his office.

4. Further, there can be no doubt that His Excellency would be bound by the provisions of Demise of the Crown Act, R.S.C. 1927, c.46, which imposes a legal obligation upon the Governor General to issue the proclamation provided for in Section 2 of the Act.

5. It would not be proper to await a telegram from the Dominions Office, corresponding to that which was sent by the Colonial Office in 1910. It would be inconsistent with the present position of the Governor General for the Colonial Office to send such instructions at the present time. The Governor General's office under his appointment extends, uninterrupted by the demise of the Crown, and is subject to termination only by an expression of the new King's pleasure. In the event that the new King expressed his intention to cancel the Commission, the present appointment could be brought to an end. In the absence of any indication of such an intention on the part of His Majesty, it must be presumed that it is his pleasure that His Excellency shall carry on.

<sup>1</sup> J. E. Read au Premier ministre/J. E. Read to Prime Minister.

## 8.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

TELEGRAM 4

Tokyo, January 21, 1936

IMMEDIATE. CONFIDENTIAL. With reference to the death of His Majesty the King.

1. Please convey to Her Majesty the Queen the profound sorrow and sympathy of all Canadians in Japan.

2. Canadian Minister, considering present instance one in which important precedents will be established, believes utmost care should be taken respecting our approach to Japanese Court as otherwise Canadian prestige and independent representation will be endangered.

3. According to authorities, Canadian Minister believes special notification—

(a) Death of the late Sovereign,

(b) Accession of new Sovereign, has to be given to Sovereign countries to which Minister is accredited—subject, of course, to authorization being received from Government by which Minister is accredited. Accordingly, I request authority to make separate representations in both cases.

4. My despatch No. 299, December 14th, memorandum enclosed, final paragraph. I now propose to send separate announcement of demise to Japanese Foreign Office and to diplomatic colleagues, independent of similar action being taken by British Embassy. Please inform me if this procedure approved.

5. I desire particularly all steps taken by Legation to be separate and distinct from steps taken by British Embassy but in close collaboration and uniformity of procedure. Respectfully submit that British Ambassador should in no way speak for Canada in any approaches to Japanese Government or Court.

6. Please advise immediately of procedure if issuance and presentation of new credentials are required.

## 9.

*Le secrétaire d'État aux Affaires extérieures au ministre au Japon*  
*Secretary of State for External Affairs to Minister in Japan*

TELEGRAM 5

Ottawa, January 21, 1936

IMMEDIATE. Your telegram No. 4 today, Confidential. It is desired you now make formal announcement of death of His late Majesty. I shall advise you

of proclamation concerning new Sovereign as soon as possible in order you may then make announcement of accession. Separate action by your Legation with close collaboration of Embassy is approved. You will be advised later on question of credentials. I may say, for your information, Secretary of State Washington called on Canadian Chargé d'Affaires this morning to express sympathy and sorrow at death of His Majesty.

10.

*Mémorandum**Memorandum*

January 21, 1936

## CO-OPERATION BETWEEN BRITISH AMBASSADOR AND CANADIAN MINISTER

With reference to the enquiry by Mr. Wrong as to arrangements for an Empire service or ceremony in connection with the death of His Late Majesty, the arrangements for the official service held in Tokyo to celebrate the Silver Jubilee of King George V are described in Sir Herbert Marler's despatch No. 108 of April 25th, 1935.

The British Ambassador's notice to the Dean of the Diplomatic Corps contained the following paragraph:

The Canadian Minister and myself will attend in uniform. I am writing in agreement with Mr. Marler to inform Your Excellency of this and we should be glad if you will be good enough to inform our Colleagues in the event of any of them wishing to attend.

The Committee of arrangements included a representative of the Embassy, of the Legation and of the Church.

Invitations included prominent Japanese.

The expenses for decoration, etc., were borne equally by the Ambassador and the Canadian Minister.

The printed card announcing the Service read as follows:

His Britannic Majesty's Ambassador and His Britannic Majesty's Minister for Canada have the honour to inform

\* \* \*

That a Thanksgiving Service to mark the occasion of the Twenty-fifth Anniversary of the Accession to the Throne of His Majesty King George the Fifth will be held at 10.00 a.m. on Monday, May 6th, 1935, at the Japanese Church, Sei Andere Hyokai, immediately behind the English Church of St. Andrew, Shiha, Tokyo.

The degree of co-operation indicated above was attained only after strong representations had been made by the Canadian Minister to the British Ambassador. Sir Herbert Marler stated that he could not take part in the Celebration except on a basis of equality, that he would not take part as the Ambassador's invited guest, and that His Majesty "is just as much the King of Canada as he is the King of Great Britain".

## 11.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 26

London, January 22, 1936

Your telegram No. 14 of the 21st January<sup>1</sup> and my telegram No. 25 of the 21st January probably crossed one another. Following additional information has been obtained from Foreign Office, Begins:

No instructions have been forwarded to Ambassadors and Ministers abroad other than information regarding Court Mourning. Of course, credentials of Foreign Ambassadors and Ministers in London and British Ambassadors and Ministers abroad will have to be changed, and in due course new credentials will be forwarded to British Ambassadors and Ministers abroad. Ends.

MASSEY

## 12.

*Le chargé d'affaires aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Under-Secretary of State  
for External Affairs*

Washington, January 22, 1936

My dear Dr. Skelton,

I understand that the official period of full Court mourning will last for six months and will be followed by three months' half-mourning. In view of the length of this period, I should be glad if instructions could be issued concerning the observation of full mourning and half-mourning by the diplomatic members of the staff and their wives. Apparently no such instructions have been issued since the Legation was established, and our normal practice in periods of mourning has been to conform with that adopted by the British Embassy.

After the death of Princess Victoria last December, I understand that new regulations were received at the British Embassy covering in considerable detail the social functions which might be attended during full and half-mourning, and other questions. The regulations, for example, provided that diplomatic officers should accept invitations to official functions given by important public officials, even during full mourning. Whether these regulations originated in the Foreign Office or with His Majesty, I do not know. In the present circumstances, it seems clearly desirable, in any event, that we should receive instructions from Ottawa on this matter.

<sup>1</sup> Non reproduit/not printed.

I have asked the staff and their wives to refrain from all social activities until after the funeral. I should like to know by that time what further regulations to issue on this question.

Yours sincerely,

H. H. WRONG

13.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

January 22, 1936

REPRESENTATION OF CANADA AT FUNERAL OF HIS LATE MAJESTY

1. What was done in 1910—

(a) Canada was represented by Lord Strathcona who, with other High Commissioners, followed, in the ninth carriage, other carriages in which there appeared Her Majesty Queen Alexandra and Her Majesty Queen Mary, etc.

There was a colonial corps in which the Dominion of Canada was represented by Lieutenant-Colonel Burland and two other Canadian officers.

(b) Other countries were represented by Heads of States or members of Royal Families, Ambassadors and Ministers or Chargé d'Affaires.

Certain other countries had also deputations of officers of their armies and navies.

*Nota Bene*—In the "London Times" of the 9th May, 1910, it was reported that Canada "will be represented at His Majesty's funeral by Sir Charles Fitzpatrick, Chief Justice, Mr. Fisher, Minister of Agriculture, and Mr. Aylesworth, Minister of Justice." There is no indication, however, that they were present or went from Canada.

They do not appear in the list of representatives given by the "London Times" and may be that between the date of the death of King Edward VII and the date of the funeral on the 20th May, it was decided that Canada would be represented only by Lord Strathcona. We have no file on this subject.

*N.B.*—It seems that no member[s] of the British Diplomatic Service were present at the funeral.

2. What might be done in the present case—

(1) Canada might be represented by Canadian High Commissioner, London.

<sup>1</sup> De/by L. Beaudry.

(2) It would seem appropriate also to have the Canadian Army and Navy represented (not, of course, in a colonial corps). It would be wise to analyze more closely the list of representatives in the "London Times" to be quite sure that these officers get appropriate place in the list.

*Nota Bene*—As far as the Canadian Minister in Paris is concerned, it might not be appropriate to have him attend unless any British diplomatic officers were to be present at the funeral. Strictly speaking, however, there seems to be no objection to his attending, but if he did so he would certainly have to take precedence over Mr. Massey. Furthermore, at a most formal ceremony of this nature, it would not do to have a diplomatic representative and a governmental representative appear together in a sort of combined diplomatic and governmental representation in which the one and the other would be placed on the same footing.

14.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

January 23, 1936

EFFECT OF DEMISE OF CROWN ON POSITION OF CANADIAN  
MINISTERS ABROAD

1. The point is raised by the High Commissioner's telegram, Code 26, of the 22nd January, 1936.
2. The point can be discussed more conveniently in relation to a concrete case.
3. Taking the case of Sir Herbert Marler as typical, he holds his office by virtue of a commission issuing from His Majesty the King, under the Sign Manual and Signet, dated the 27th June, 1929, and countersigned by the Secretary of State for External Affairs.

This Commission is the Instrument whereby he holds his office under the King. By virtue of the provisions of the Demise of the Crown Acts (U.K. and Canada) he continues to hold his office, notwithstanding the demise of the Crown, and no new Instrument of appointment is necessary.

4. On the other hand, there is another document which was issued on the occasion of Sir Herbert Marler's appointment as Minister. A letter of Credence, issued from His late Majesty, on the same date as the Commission. This is not the Instrument under which the Minister holds office, and is merely an introduction addressed to the head of the State to which the Minister is accredited. It relates to the recognition of the Minister in Japan, and not to the tenure of an office under the Crown by Sir Herbert Marler.

<sup>1</sup> De/by J. E. Read.

The requirement of the re-issuing of Letters of Credence by reason of the demise of the Crown, is entirely consistent with the view expressed in this and in the preceding memorandum<sup>1</sup> with regard to the necessity for renewal of instruments of appointment. The creation of or the appointment of a person to an office is a matter of English or Canadian Law, as the case may be. The question of the effect of the demise of the Crown upon such an office is purely a matter of the English or the Canadian Law, and properly governed by the appropriate legislation.

On the other hand, the matters dealt with by the Letters of Credence, or Letters of Recall are matters which relate to the recognition in a foreign country, which recognition would primarily be determined by international usage and custom, and which could not properly be governed by the English or Canadian legislation.

5. It is necessary to note that, in the case of Mr. Massey and Mr. Herridge, the position is somewhat different. Mr. Roy is in the same position as Sir Herbert Marler.

In the case of the two Ministers to the United States, Letters of Credence were issued, but no Commissions. Their Letters of Credence could not properly be regarded as appointments. They are not directed to the Minister, but to the foreign Sovereign. In these instances, the Minister must be regarded as having been appointed without formal act.

## 15.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 80

Washington, January 24, 1936

Sir,

In continuation of my Despatch No. 65 of January 22nd, 1936,<sup>2</sup> I have the honour to enclose a copy<sup>2</sup> of the reply received from the Secretary of State to my note informing him of the death of His Majesty King George the Fifth and of the accession of His Majesty King Edward the Eighth. I direct your attention to the feeling expression of sympathy included in this note by the Secretary of State. This I have promptly acknowledged in a communication, of which I also append a copy.<sup>2</sup>

2. It may be of some interest to you for me to append a brief account of steps taken here to show respect to the memory of His Majesty King George the Fifth. On the morning of January 21st the Secretary of State, accompanied by the Chief of Protocol, called on me at the Legation and also called on the British Ambassador, the South African Minister, and

<sup>1</sup> Voir le doc. 7/see doc. 7.

<sup>2</sup> Non reproduites/not printed.



the Minister of the Irish Free State. Mr. Hull expressed his sympathy at the death of the King in his usual simple and sincere language, saying that the loss was felt almost as keenly in the United States as it was in His Majesty's Dominions. Later in the day the Secretary of War, the Chief of Staff, the Secretary of the Treasury, the Assistant Secretaries of State, and the officers of the State Department chiefly concerned with relations with Canada also called at the Legation or sent cards of condolence. The Senate was not in session that day, but the House of Representatives adjourned out of respect to His Majesty immediately after assembling. This action had been taken on the death of Queen Victoria, but it was omitted on the death of King Edward the Seventh because of the objection of Irish-American Members. On the present occasion the Speaker ignored a solitary objection, expressed by Representative Sweeney of Ohio. The President postponed a large reception which was to have been given at the White House on January 23rd in honour of Members of Congress.

3. The heads of 30 out of 53 foreign diplomatic missions in Washington have also expressed their condolences to me, nearly all of them by calling in person on January 21st. Entertainments to be given in diplomatic houses were generally cancelled.

4. A Memorial Service will be given in Washington Episcopal Cathedral on the morning of January 28th. I tentatively suggested to Sir Ronald Lindsay that the invitations to this service should be issued in the name of all four of His Majesty's representatives in Washington, provided that all agreed on this course. He warmly endorsed the idea, as did my South African colleague. The Minister of the Irish Free State, however, after referring the matter to Dublin, found himself unable to accept it, though he will attend the Memorial Service. In consequence, the invitations are being sent out in the name of the British Ambassador alone. He has invited myself and my South African and Irish colleagues to sit with him at the ceremony.

I have etc.

H. H. WRONG

16.

*Le chargé d'affaires aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Under-Secretary of State  
for External Affairs*

Washington, January 27, 1936

My dear Dr. Skelton,

It may be of some slight interest to you, as indicative of the extent to which the status of Canada is understood by foreign diplomats, to learn which heads of foreign Missions in Washington failed to pay a call of condolence on the death of His late Majesty.

Out of twenty-four European Missions, the following ten omitted this formality: the Ambassadors of Belgium, France, and Italy, and the Ministers of Albania, Bulgaria, Czechoslovakia, Greece, Latvia, Lithuania, and Rumania. Out of twenty American Missions, the following eight failed to call: the Ambassadors of Brazil, Cuba, and Peru, and the Ministers of Bolivia, Ecuador, Honduras, Paraguay, and Uruguay. Out of five Asiatic Missions, the Chinese Ambassador and the Iranian Charge d'Affaires were the only absentees. The Egyptian Minister was the sole representative of a foreign African country, and he did his duty.

I was surprised that the French and Italian Ambassadors failed to call, especially as some members of their staffs left cards at the Legation. On the whole, however, I was more surprised at the number of Ambassadors and Ministers who did come to call here, in addition to American officials and a considerable number of private individuals. One Senator and one Representative were among the callers.

Yours sincerely,

H. H. WRONG

17.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

DESPATCH 31

Tokyo, February 3, 1936

Sir,

I have the honour to submit below some particulars in respect to matters which resulted from the lamented death of His Late Majesty King George V.

Contingent preparations for the possible event of the King's death were discussed on Monday morning, January 20th. On Tuesday morning January 21st news of the decease of the King was received by the press in Tokyo and a telephone message was communicated by the British Embassy to the Canadian Legation at 9.30 A.M. At 4.20 P.M. I sent my telegram No. 4 to you asking for general instructions; and at 4.30 P.M. I received your telegram No. 4 notifying me officially of the death of the King. Your telegram No. 5 in reply to my No. 4 requesting instructions was received at 7.30 A.M. on January 22nd.

During the day of Tuesday the 21st conversations were had almost continuously with the British Embassy in order to keep in touch with local developments and to unify procedure. It was agreed to send separate letters of notification immediately to the Japanese Minister for Foreign Affairs, which was done before your telegram No. 5 was received authorizing this step. The following day also separate notifications were sent to all the diplomatic colleagues by both the Canadian Legation and the British Embassy.

In my telegram No. 4 I requested you to convey to Her Majesty the Queen the profound sympathy and sorrow of all Canadians in Japan. The British Ambassador the same day telegraphed his Government conveying to the Queen the profound sympathy of himself, his wife and staff and the whole British community in Japan.

News of His Majesty's death was received in Japan with a personal sense of loss. The former Anglo-Japanese Alliance formed a strong bond, both in peace and war, and has remained an extremely appreciated memory in Japan. As a naval cadet His Late Majesty himself had visited Japan many years ago and was personally received by the Emperor Meiji. In more recent years the cordial relationship of the two Courts was strengthened by visits to Japan of the present King while Prince of Wales and the Duke of Gloucester and visits to England of members of the Japanese Imperial Family.

Early in the afternoon of the 21st, the Imperial Chamberlain informed T.I.H. the Emperor and Empress of the news received at the Imperial Household Department through the Foreign Office. Their Majesties despatched a personal message of condolence to Her Majesty Queen Mary, and shortly afterwards the Imperial Household Department announced that His Majesty the Emperor had ordered Court mourning from January 21st to February 10th. (This was suspended on two days, January 27th and January 30th, when Court ceremonies were held on the respective anniversaries of the death of the Emperor Ankan and the Emperor Komei).

Comment by high officials and others here all bespoke a sincere feeling of loss. Premier Okada observed that the love and admiration of the British King had been especially profound in view of the long ties of alliance and friendship between Japan and Great Britain. He recalled with high appreciation the efforts of His Majesty in seeing Britain through the dark days of the War and the subsequent years of serious import to the destiny of the British nation and Empire. Mr. Koki Hirota, the Foreign Minister, expressed a sense of personal loss: "Both the Government and people of Japan must feel the same way about the passing of the Sovereign of Japan's oldest ally. May His Majesty's soul repose in peace". Similar expressions were made by callers at the British Consulate-General in Yokohama. Fifty-eight ships of many nations which were in the harbour there all flew their flags at half-mast when the news was received. The Japanese press published sympathetic editorials on the King's death.

On the day of the 21st numerous calls of condolence were made on the British Embassy. In respect to the Canadian Legation, many high Japanese officials, representatives of the Diplomatic Corps, British, Canadian and other private persons likewise made calls. A list of those who called or left cards of condolence at the Canadian Legation is attached.

In connection with the Imperial Household's visits, I learned that His Majesty the Emperor, Her Majesty the Empress, and Her Majesty the Empress Dowager sent respective Imperial Messengers to call on the British Ambassador on the afternoon of the 21st. I felt at first that if these were

to express condolences to His Majesty's diplomatic representatives in Tokyo, a similar call should have been made on the Canadian Minister—and considered making representations to that effect to the Foreign Office. On reconsideration, however, I thought that this might be unwise, particularly as the situation developed I could not take exception to the attention shown and consideration given on all sides separately to this Mission. In addition I subsequently ascertained that the calls in question were made by the Imperial Messengers to request personal messages of sympathy to be communicated by the Ambassador direct to London, which step he immediately took by cable. It was also pointed out to one of our secretaries by a member of the British Embassy staff that such visits by Imperial Messenger were based on a precedent established when a previous British sovereign sent Royal Messengers, through the British Embassy, to the Japanese Court. As there existed no such precedent on the part of Canada the exchange of Imperial calls was not made with this Legation, but only at the Embassy. The Ambassador subsequently returned the Imperial visits by signing the register at each of the three respective Palaces. I would value your criticisms as to whether in your opinion and under the circumstances and conditions above described I should have requested that these special calls should also have been made on the Canadian Minister.

With one minor exception, the Japanese Foreign Office acted uniformly toward the British Embassy and this Legation. The Foreign Minister, the Vice-Minister for Foreign Affairs, and the heads of Foreign Office bureaux each calling or sending cards of condolence on the 21st. The exception was a personal (but not specially arranged) call, lasting but a moment or two, made by Mr. Koki Hirota, the Foreign Minister, on the British Ambassador. Mr. Hirota's Government that very day had dissolved the Diet at its opening session, and naturally he was extremely pressed for time. I understand that the purpose of his visit was to request that a message of condolence be sent through the Ambassador direct to London.

Although the Japanese Government Officials and many others appear to realize the position of the Canadian Minister as the representative in Japan of His Majesty in respect to Canada, and have taken appropriate action in making calls, etcetera, there still remains among many foreigners and Japanese in this country some uncertainty as to the constitutional position of Canada and of a Canadian Minister. I have persistently and on every possible occasion endeavoured to clarify this point both in relation to our contacts with the British Embassy—the Diplomatic Corps—the official body in Tokyo—and others in private life. There is no doubt but that great progress has been made but further patience and persistence will be required before the status of Canada and this Mission is completely understood on all sides. This you will recognize is a matter which can only be pressed in a diplomatic manner. I have insisted, however, on all occasions, when the opportunity arose, that the Canadian Minister be given the same degree of recognition as representative of the Crown as the British Ambassador is given.

Likewise I have made every effort to have the Canadian flag displayed in equal juxtaposition with the Union Jack on every formal occasion when the Canadian Minister and the British Ambassador are acting in concert. In this respect I have met with some opposition by British officials. During the Silver Jubilee ceremonies last year, I regret to say that notwithstanding the most arduous efforts on the part of myself and my staff in assisting in the arrangements the Canadian flag was unfortunately given a secondary position in the decorations of the church, a matter in respect to which I made vigorous protest to the British Ambassador. During the present memorial service for the late King, it was agreed that no flags would be flown. By an error, quickly corrected, the Union Jack and the Japanese national flag alone were displayed at the gate of the church, but both flags were removed almost immediately afterwards. In the second service no flags or decorations were used.

It is true in this connection that the majority of British residents and officials here claim that the Union Jack is an "imperial" and not merely the "English" flag; and that it is also the national flag within Canada, as it is in England, thus, they claim that its solitary use opposite the Japanese flag is fully justified. In my opinion, however, the Canadian red Standard, authorized for use on Canadian public buildings outside of Canada, is the official Canadian flag to be used in Japan and I have held to the conviction that, wherever I as representative either of the Crown in Canada or of the Canadian Government—associate myself with the British Ambassador in any official function or capacity, the Canadian flag must be given equal position and prominence to that of the Union Jack. I am persuaded that this attitude is permeating, however slowly, the understanding of the British community and officials here, but it is only as a result of a strenuous and often unpleasant effort on the part of myself and my staff.

On Wednesday, January 22nd, the British Embassy informed this Legation that the State funeral would take place on January 28th. Plans were immediately laid in joint discussions between the Embassy, the Legation and the Anglican ecclesiastical authorities here, for a memorial service.

Owing to the extremely small size of St. Andrew's Church in Tokyo—the only church of Anglican denomination in the capital, and formerly the official Embassy church, which seats approximately one hundred and twenty persons—it was found necessary to have two separate services. The first, held on Sunday January 26th, was primarily for the British and Canadian communities in Tokyo. Announcement of the service was made in the local English-text newspapers. The British Ambassador and his staff, and the Canadian Minister and the Legation staff, attended; and at the suggestion of the Ambassador, wore uniform, in view of the fact that they were present in their representative capacity and also that it was expected of them by the community. The new Australian Trade Commissioner, Colonel Longfield Lloyd, also attended, wearing his reservist military uniform. I would personally have preferred not to have worn uniform on that occasion. The form of service was specially prepared in consultations between the Bishop,

the chaplain, the Ambassador and myself. I enclose a copy of the Order of Service, and a clipping from "*The Japan Advertiser*" of January 28th describing the service. You will note that the prayer for the British Commonwealth of Nations was introduced. This was done at my special request.

The second service was held on the day of the State funeral, January 28th, in the same church; and this was intended primarily for the Japanese high officials, Cabinet Ministers and the Diplomatic Body. Leading Japanese members of the Japan-Canada Society, as of the Japan-British Association, were invited, and also a representative each of the British Association, the Canadian Association and the British Legion. The Manchukuo Ambassador attended. His Majesty the Emperor was represented by His Imperial Messenger, in the person of H.I.H. Prince Takamatsu, second brother of the Emperor, and Her Majesty the Empress was represented by H.I.H. Princess Takamatsu. Count Maeda was sent to represent H.I.H. Prince Chichibu, and General Inagaki to represent H.I.H. Prince Kanin. Owing to the limited accommodation, attendance at this service was by invitation only; printed invitation cards, in the name of the British Ambassador and the Canadian Minister being sent out to a list of the principal Japanese officials, and joint notes being sent out to all the Chiefs of Mission. As you will observe from the attached copy, the number of diplomats had to be drastically restricted to the head of each Mission and one member of his staff. Wives, while not mentioned in the Note, were, of course, welcomed in every case where they expressed a desire to attend. The full staffs of the British Embassy and Canadian Legation were present, in uniform where such was possessed. Owing to the fact that His Late Majesty was an honorary Field-Marshal in the Japanese Army, a large number of high Army officers also attended the service. The accommodation of the church was severely strained by the number of those who wished thus to pay their respects to our late Sovereign. I enclose a clipping from the *Japan Advertiser* of January 29th describing this service, and some photographs. The representatives of His Majesty the Emperor and of Her Majesty the Empress were received by the British Ambassador and Lady Clive and the Canadian Minister and Lady Marler—and after the service the invited guests were thanked for their attendance by both the British Ambassador and the Canadian Minister standing together.

I am happy to report that at these two services the equality as to the status of both Missions (British and Canadian) was clearly shown and accorded equal treatment.

On receipt of your telegram No. 7<sup>1</sup> at 4.20 A.M. on January 23rd, informing me that January 28th had been proclaimed in Ottawa as a national holiday and general day of mourning throughout Canada, I immediately inserted this announcement in the *Japan Advertiser*, and letters were sent to the principal Canadian institutions and business firms informing them of this proclamation in order that they might take whatever action

<sup>1</sup> Non reproduit / not printed.

they deemed appropriate. I may add that on January 21st, the day news was received of the King's death, the Toyo Eiwa Jo Gakko, the principal Canadian school in Tokyo, operating under the United Church of Canada, closed its classes for the day. A further holiday was observed on the day of the funeral in most British and Canadian schools and firms. At 10.30 P.M. on the 28th the Japan Broadcasting Corporation relayed the service held in St. George's Chapel, Windsor, and this was received in Tokyo with great clarity.

In a separate despatch<sup>1</sup> I shall comment on the procedure followed relating to the accession of the new Sovereign H.M. King Edward VIII., and shall there raise certain questions of procedure on which additional instructions would be welcomed in view of the new precedents to be established.

In respect to the various matters by way of procedure, notifications, services, etcetera resulting from the death of His Late Majesty and the procedure so far involved in respect to the accession of King Edward VIII I am far from dissatisfied with the co-operation which has taken place between the British Embassy and this Legation—or with the manner in which it has been made clear to all concerned as to the separate status of this Legation and the dignity and prestige of Canada. In particular it is my belief that the British Embassy now far better understands that we insist on being considered and that there must be co-operation in matters of common interest. In those respects I have encountered many difficulties in the past—but I have always recognized that what I desired to achieve could not be achieved by quarrelling but only by polite insistence and by showing my own willingness to co-operate and assist in every way. I now far more feel that what I have attempted to achieve is bearing fruit—but that does not mean that the efforts heretofore made should be relaxed.

I have etc.

HERBERT M. MARLER

18.

*Le sous-secrétaire d'État aux Affaires extérieures  
au chargé d'affaires aux États-Unis*

*Under-Secretary of State for External Affairs  
to Chargé d'Affaires in United States*

Ottawa, February 8, 1936

Dear Mr. Wrong,

I was much interested in the summary in your letter of January 27th of the extent to which the heads of foreign Missions in Washington did or did not pay a call of condolence at the Legation on the death of His late Majesty.

It is doubtless surprising that so many heads of Missions failed to call, but it is perhaps still more surprising that so many did call. I would not be

<sup>1</sup> Non reproduite/not printed.

surprised at the action of the French and Italian Ambassadors. The idea that the French are a particularly polite nation or particularly well-informed regarding matters that have no direct bearing on their own immediate interests, does not seem to be very well founded.

Yours sincerely,

O. D. SKELTON

19.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

February 19, 1936

NOTE ON THE PROCLAMATION OF JANUARY 21, 1936 PROCLAIMING  
HIS MAJESTY KING EDWARD VIII

1. The Proclamation in Canada, as published, proclaimed as follows (see The Canada Gazette, Extra January 21, 1936):

Now Know Ye that I, the said Right Honourable Baron Tweedsmuir of Elsfield, Governor General of Canada as aforesaid, assisted by His Majesty's Privy Council for Canada, do now hereby with one voice and consent of tongue and heart publish and proclaim that the High and Mighty Prince Edward Albert Christian George Andrew Patrick David is now by the death of Our late Sovereign of happy and glorious memory become our only lawful and rightful Liege Lord Edward the Eighth by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas KING, Defender of the Faith, Emperor of India, **Supreme Lord in and over the Dominion of Canada**, to whom we acknowledge all faith and constant obedience with all hearty and humble affection,

2. The Proclamation in Great Britain proclaimed as follows (see Supplement to The London Gazette, January 21, 1936, Numb. 34245, page 449):

We, therefore, the Lords Spiritual and Temporal of this Realm, being here assisted with these of His late Majesty's Privy Council, with Numbers of other Principal Gentlemen of Quality, with the Lord Mayor, Aldermen, and Citizens of London, do now hereby with one Voice and Consent of Tongue and Heart, publish and proclaim, That the High and Mighty Prince Edward Albert Christian George Andrew Patrick David, is now, by the Death of our late Sovereign of happy Memory, become our only lawful and rightful Liege Lord Edward the Eighth, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India: To whom we do acknowledge all Faith and constant Obedience, with all hearty and humble Affection;

3. It will be noted that the Canadian Proclamation contains a phrase, "Supreme Lord in and over the Dominion of Canada", as underlined above, to which there is no corresponding phrase in the British Proclamation. This Canadian formula followed the formula used in 1910 when His late Majesty King George V was proclaimed. On that occasion a telegram of May 8, 1910, confirmed by a despatch of May 13th, from the Colonial Secretary,

<sup>1</sup> De/by L. C. Christie.



communicated the terms of a Proclamation which, it was stated in the despatch, "was approved by His Majesty the King in Council on the 7th instant for proclaiming His Gracious Majesty King George the Fifth". The form so approved was described in Enclosure 3 of the despatch as "Form of Proclamation for proclaiming His Majesty in the Colonies". The pertinent clause of this form was given in the enclosure as follows:

We

(insert the description of the Persons making the Proclamation.)

Therefore do now hereby with one full voice and Consent of Tongue and Heart Publish and Proclaim That the High and Mighty Prince George Frederick Ernest Albert is now by the Death of our late Sovereign of Happy and Glorious Memory become our only lawful and rightful Liege Lord George the Fifth by the Grace of God, King of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas, Defender of the Faith, Emperor of India, Supreme Lord, etc.

(Here insert the description of the Possession or Colony where the Proclamation is made.)

4. It seems unfortunate that the 1910 formula was used this time. The Report of the Inter-Imperial Relations Committee adopted by the Imperial Conference, 1926, recorded the following agreed opinion concerning the title of His Majesty the King:

The title of His Majesty the King is of special importance and concern to all parts of His Majesty's Dominions. Twice within the last fifty years has the Royal Title been altered to suit changed conditions and constitutional developments.

The present title, which is that proclaimed under the Royal Titles Act of 1901, is as follows:

"George V, by the Grace of God, of the United Kingdom of Great Britain and Ireland and of the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India."

Some time before the Conference met, it had been recognised that this form of title hardly accorded with the altered state of affairs arising from the establishment of the Irish Free State as a Dominion. It had further been ascertained that it would be in accordance with His Majesty's wishes that any recommendation for change should be submitted to him as the result of discussion at the Conference.

We are unanimously of opinion that a slight change is desirable, and we recommend that, subject to His Majesty's approval, the necessary legislative action should be taken to secure that His Majesty's title should henceforward read:

"George V, by the Grace of God, of Great Britain, Ireland and the British Dominions beyond the Seas King, Defender of the Faith, Emperor of India".

The Statute of Westminster, 1931, in its preamble, recorded the constitutional position as follows:

And whereas it is meet and proper to set out by way of preamble to this Act that, inasmuch as the Crown is the symbol of the free association of the members of the British Commonwealth of Nations, and as they are united by a common allegiance to the Crown, it would be in accord with the established constitutional position of all members of the Commonwealth in relation to one another that any alteration in the law touching the Succession to the Throne or the Royal Style and Titles shall hereafter require the assent as well of the Parliaments of the Dominions as of the Parliament of the United Kingdom:

5. It may be said that the extra phrase in the Canadian Proclamation, "Supreme Lord in and over the Dominion of Canada", was not intended to form any part of the Royal style and title and that in any case, since the Proclamation could not change the law or custom of the Constitution, this phrase should be regarded as harmless surplusage, but actually the use of this phrase has given rise to public misunderstandings as to the Royal Title and this in itself constitutes a good practical objection against the use of the same form in the future. The real objection, however, is that, considering the circumstances noted above under which the phrase came into use in 1910, it cannot well be regarded as appropriate to the status of a Dominion today. The proper course is to adhere exactly to the Royal Title as laid down by the Imperial Conference, 1926, subject to any amendments which may be approved by the parliaments of the United Kingdom and the Dominions.

20.

*Le secrétaire d'État aux Affaires extérieures au ministre au Japon*  
*Secretary of State for External Affairs to Minister in Japan*

DESPATCH 14

Ottawa, February 28, 1936

Sir,

I have the honour to acknowledge your despatch No. 31 of the 3rd February, 1936, and its enclosures, concerning matters which resulted from the death of His late Majesty King George V.

I have read them with much interest and thank you for writing me fully on the whole subject. I entirely agree with you on the Canadian point of view presented therein and on the action taken by you in this connection.

It will probably take some little time still for some representatives of His Majesty in respect of the United Kingdom clearly and fully to understand the status of equality between Members of the British Commonwealth of Nations. Nor is the education of the Governments of certain Foreign Powers, I think, quite complete yet in this regard. It is, therefore, the duty of Representatives of His Majesty in respect of Canada to see to it that the diplomatic requirements of this status of equality be observed.

It is noted that the exchange of Imperial calls was not made with your Legation, but was made only at the Embassy. Under the circumstances, however, and conditions described in this connection, I am of the opinion that you were wise in not raising the point officially. I do not think, however, it should occur another time as calls should be exchanged with the two Missions on an occasion of this nature.

I am glad you have also brought to my attention the question of flag. This is a matter, as you realize, on which there are no concessions to be made

to anyone and for no consideration of any kind. You should not recede, at any time, from the position which you have already taken and which is the only one that can be taken.

I have etc.

O. D. SKELTON for the . . .

21.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 132

London, April 8, 1936

CONFIDENTIAL. Your telegram No. 74, March 21st.<sup>1</sup> Dominions Office informs us Privy Councillors of United Kingdom are not required to take oath again after a demise of the Crown. This advice is based on opinion of Judicial Committee of the Privy Council in 1910, copy of which is being sent by bag.

22.

*Mémemorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

March 8, 1937

NOTES ON CANADIAN CORONATION ADDRESS TO THE KING

*Preliminary Points as to Procedure*

1. A *parliamentary* Coronation Address would apparently be an innovation. None was presented at either King Edward VII's or King George V's Coronation by either the United Kingdom or the Canadian Parliament. For that matter, a *Government* Address would also be an innovation. No such Address was presented at King George V's Coronation (See description of ceremony in *London Times*, June 23, 1911).

2. According to recent correspondence the United Kingdom Government are as yet undecided whether their Address shall be parliamentary or official. The doubt, it may perhaps be conjectured, arises, partly at least, from a consequential question as to who, under United Kingdom tradition, would present the Address. If it were parliamentary, the Speaker of the

<sup>1</sup>Non reproduit/not printed.

<sup>2</sup>De/by L. C. Christie.

House of Commons might claim his right to speak for that House, a course which might complicate the Coronation program. At King George V's Jubilee the Speaker exercised this privilege to speak for the Commons (U.K. Hansard, March 8 and 9, 1935, col. 977, 1107-9). On the other hand, if the United Kingdom Address were official, presumably it would be for the Prime Minister of the United Kingdom to present it. It may be noted here that, under United Kingdom practice, when parliamentary Addresses are in order, the Commons and the Lords apparently present separate Addresses and they are not always in the same words.

3. For King George V's Jubilee the U.K. Commons, on Mr. Ramsay MacDonald's motion, voted the following Address (U.K. Hansard, March 8, 1935, col. 977):

That an humble Address be presented to His Majesty to congratulate His Majesty on the occasion of the Twenty-Fifth Anniversary of His Accession to the Throne.

In moving this Mr. MacDonald explained that—

In order to mark the special significance of the occasion, it is proposed that Mr. Speaker should exercise his ancient right of voicing the sentiments of this House, and he has consented to address His Majesty on behalf of this House in his own words.

On the following day, when the House attended the King in Westminster Hall, the Speaker in presenting the Address used words of his own (about a column and a half of Hansard). Thereafter he reported to the House, and the following entry was made (U.K. Hansard, March 9, 1935, col. 1107):

Mr. Speaker: I have to report to the House that this House has this day attended His Majesty in Westminster Hall with an Address; in reply to which His Majesty was pleased to make a Most Gracious Speech.

Ordered, "That Mr. Speaker's words in presenting the Address, and His Majesty's Most Gracious Reply, be entered upon the Journals of this House".—(The Prime Minister.)

Following this the Speaker's words in presenting the Address are set out in full. He began, "We, Your Majesty's faithful Commons, desire to offer our humble congratulations on the completion of twenty-five years of Your reign", and so on.

4. Whether, as regards a Canadian parliamentary Address for the Coronation, any similar question concerning the Speaker here would arise is for consideration.

5. But, apart from that question, there would be certain awkwardnesses if all the words that are to be said for Canada to the King at the Coronation were to be set out in a motion in the House. Words appropriate to such an occasion run more naturally if they can speak as of the day of their delivery—a character which cannot wholly naturally be given to them if they have to be passed some weeks in advance. What seems more important, there would be certain disadvantages in publishing the full communication in advance. The actual presentations will occur at a central and vital part

of the whole ceremonial and their introduction into the Coronation will itself be historic. To publish in advance would somewhat diminish the dramatic values. It is also for consideration whether advance publicity might not precipitate in advance unfortunate discussions by constitutional pundits, cranks and malcontents.

6. It might therefore be considered, if a Canadian parliamentary Address is to be moved, whether it might be in a very brief form—along the lines of the U.K. Commons Address at King George V's Jubilee shown in paragraph 3 above—leaving it to the Prime Minister to prepare a form of words which he would use in presenting the Address at the Coronation. The alternative which would avoid the complications noted would be a Government Address. In such a case the accompanying draft<sup>1</sup> could be slightly recast.

*As to Content of the Address*

7. Whatever procedure and form are adopted, the dominant note of the Canadian words should, it is submitted, accent the central note of the Coronation. Perhaps it cannot be said that the ceremony has any strict legal or constitutional significance (at all events outside whatever significance it may have in canon law for the Church of England); for it would be hard to point to any legal process or constitutional safeguard that would really be invalidated or weakened if the ceremony were never held. But at its central point—the taking of the Oath—the Coronation Oath Act of 1688 does compel the new Sovereign to declare solemnly the sense in which he accepts the Crown. His Oath to govern the peoples according to law and custom, and to cause law and justice, in mercy, to be executed in all his judgments, is a declaration that reveals, in a few simple words, the essence of our political conceptions and system of democratic governance. This represents the ancient and traditional aspect for our internal, home affairs. Besides this, there is now the other, vital, concentric, sense of the Oath: the naming of Canada (as well as the others) individually. So that the King's Oath now is to govern the people of Canada according to their laws and customs. This is a solemn reaffirmation of what has come about in recent times; it recognises that the relationships of the several peoples, one with another as well as with other nations, have now become interpenetrated by the old principles of freedom and the rule of law; it, too, in simple fashion goes to the essence of our political faith and structure within the group of free, equal, autonomous states composing the British Commonwealth of Nations.

8. This being the character of the King's public admission of the sense in which he holds the legal title to the Crown in trust for the peoples, it seems clear that those responsible to the people of Canada must, in their turn, assert publicly and clearly though briefly the principles and conditions upon which they tender homage and support on behalf of the people. This assertion is the more called for in that this is the first occasion for any

<sup>1</sup> Non reproduct/ not printed.

utterance on behalf of the people of Canada as such at a Coronation. The assertion naturally should comprehend the dual aspect—the traditional field of civil rights (which could logically have been claimed on behalf of Canadians at previous Coronations) and the newer field of freedom in the inter-state relationships (which arises at this Coronation for the first time).

9. The King's Oath and the Canadian words will then constitute a solemn, public exchange, indicating what the Crown means for Canada. They will show the paying of homage and the terms upon which it is paid.

10. The accompanying draft<sup>1</sup> proceeds on the foregoing lines. The first paragraph offers homage and support. The second asserts the dual, concentric principle, conveying at the same time the conviction that the King recognises all this in accepting the Crown. The third offers congratulations and support to the King's Consort. The final paragraph invokes Divine Providence and reaffirms a faith that our institutions are good to meet the stresses of this perplexing period of history. As regards certain words or phrases footnotes are added to the draft.

*As to Comments in the House of Commons*

11. I have been asked to make suggestions as to comment that might suitably be made in moving an Address in the House of Commons. Obviously the occasion would call for allusions to its historic character. It is packed both with innovation and with historic significance: e.g., the first occasion when a Coronation Address has been moved in the Canadian Parliament (perhaps it may be the first in any Parliament); the first occasion when a Canadian Address has been presented at any Coronation. Most significant of all: the new Oath: the first occasion when Canada is mentioned individually, the King thus formally and solemnly making His declaration that His rule and reign will be in the interest of the people of Canada according to their law, and for the first time recognising at this great ceremony that the relationship between Himself and the Crown, on the one hand, and the people of Canada, on the other, is direct.

12. If the general line as to the content of the Address, as put in paragraphs 7-10 above, is accepted, those paragraphs may perhaps contain some matter that would be suitable for use in the House of Commons. The point of what is there said is the well known aphorism that the prerogatives of the Crown have become the privileges of the people. Since, by fixed convention and custom, the prerogative is exercised only on the advice of Ministers responsible to the *House of Commons*, which in turn is responsible to the people, the Crown as legal idea—the sum total of the powers of government—is indeed a central safeguard of the people's rights and privileges. Note also another summing up of our principles: justice and ordered liberty through the rule of law.

<sup>1</sup> Non reproduit/not printed.

13. I shall not attempt any suggestions as to what, if anything, needs to be said concerning the King and Queen personally. I think of nothing to be added to what was so well said when the Accession Address was moved in the Commons on January 15th, 1937. It would seem this aspect could be mainly covered by reference to that occasion.

23.

*Résolution de la Chambre des Communes*  
*Resolution of House of Commons*

[Ottawa, April 10, 1937]

ADDRESS TO HIS MAJESTY KING GEORGE VI ON THE OCCASION  
OF HIS MAJESTY'S CORONATION

Resolved: That an Humble Address, in the following words, be presented to His Majesty the King, on the occasion of His Majesty's Coronation:

*To the King's Most Excellent Majesty:*

Most Gracious Sovereign:

We, the members of the House of Commons of Canada, in Parliament assembled, desire respectfully to renew, on the occasion of Your Majesty's Coronation, the assurance of our united loyalty and support, and to offer our heartfelt good wishes for Your Majesty's Reign.

Since Your Accession, we have not failed to recognize, in Your Majesty's public utterances, the assertion of those principles under which the prerogatives and powers of government, vested in Your Person, are held and exercised only according to law and custom sanctioned by general consent. Justice, civil liberty and ordered freedom, thus secured, constitute a most precious heritage. These time-honoured principles, permeating the relations of Your Peoples and their homelands one with another, have served to create a community of free States, responsible for their own destinies, yet resolved to conserve their common inheritance as one of the treasures of mankind. The solemn form and character of Your Majesty's Coronation, comprehending both the old and the new, will, we believe, afford a more vivid sense of the meaning and value of the Crown, thereby strengthening the bonds of mutual trust and affection between the Sovereign and His Peoples.

To Her Majesty Queen Elizabeth we desire also to express our sentiments of loyalty and devotion. We rejoice that the great responsibilities of the Throne are shared by one who already holds a place in the affections of Your Peoples, and whose example fosters those simple and homely virtues which beautify character and enrich family life. The

companionship in service thus enjoyed, while ensuring Your personal happiness, will afford to Your Majesty support and strength in the discharge of Your public duties.

Through this stormy and baffling era in human affairs, the Throne has remained broad-based upon the people's will. The Crown, symbolizing the unity and the free association of the Nations of the British Commonwealth, continues to embody the principles of government which they hold most sacred, and their common attachment to the ideals of freedom and of peace. We pray, that under Divine Blessing and Guidance, the foundations of constitutional government may be firmly maintained, and that Your Majesty may be vouchsafed strength and wisdom commensurate with Your exalted and exacting task.

24.

*Déclaration du roi George VI  
au Sénat et à la Chambre des Communes*

*Statement by King George VI  
to Senate and House of Commons*

London, June 29, 1937

Members of the Senate and of the House of Commons of Canada:

It is with feelings of deep gratitude that I acknowledge the message of loyalty and congratulation conveyed in your Address of the 10th April which was presented to me by my Prime Minister of Canada on the 11th May.

The assurances of loyalty and devotion addressed to us on that occasion will always be an encouragement to The Queen and myself in the performance of our high task.

We were glad to know that the Speakers of your two Houses were present at the solemn ceremony of our Coronation. The participation in that ceremony of representatives from our oversea Dominions fittingly marked the position of the Crown as symbolising the unity and free association of the peoples of the British Commonwealth.

Throughout our reign it will be our constant aim to cherish and maintain, to the best of our powers, the heritage of justice, civil liberty, and ordered freedom which we have received from those who in past generations helped to build up this association of nations; and we rejoice to know that in our endeavours to promote, under Divine guidance, the welfare and happiness of our Peoples, we shall be supported by the prayers and affection of the people of Canada.

GEORGE R.I.



PARTIE 2/PART 2  
VISITE ROYALE, 1939  
ROYAL VISIT, 1939

25.

*Le Premier ministre au ministre de la Justice*  
*Prime Minister to Minister of Justice*

Ottawa, December 10, 1938

CONFIDENTIAL

My dear Lapointe,

In view of the intended visit of His Majesty to Canada, next summer, I think it advisable that the Law Officers of The Crown should consider carefully—

(1) the constitutional position of His Majesty, while in the Dominion, with respect to all matters of State;

(2) the constitutional position of His Excellency the Governor-General while the Sovereign is in this country;

(3) the relationship of the Prime Minister to His Majesty, and to His Excellency the Governor-General, while the Sovereign is in Canada.

I have the memorandum you gave me a day or two ago, which deals with the subject generally. It would be well, however, I think, to have the above positions examined and stated specifically in reference to each of the three matters indicated.

Yours sincerely,

W. L. MACKENZIE KING

26.

*Le ministre de la Justice au Premier ministre*  
*Minister of Justice to Prime Minister*

Ottawa, December 16, 1938

My dear Prime Minister,

In compliance with the request signified by your letter to me of the 10th instant, I have had careful consideration given by the law officers of my Department to the three topics mentioned in your letter; and the following is a statement of their conclusions (in which I concur) on each of the said topics, respectively:

1. *As to the constitutional position of His Majesty while in the Dominion, with respect to all matters of State:*

Sections 2 and 9 of the British North America Act, 1867, are the foundation of the constitutional law on this subject. By sec. 9 (as modified by the provisions of sec. 2) the executive government and authority of and over Canada is declared to continue and be vested in the Sovereign, for the time being, of the United Kingdom of Great Britain and Ireland. The King's status as the supreme executive authority in Canada is, in consequence, exactly the same as it is, in virtue of the prerogative, in the United Kingdom; and none the less so, because many of his royal powers as executive head of the Government of Canada have been delegated to the Governor General by his Commission and Instructions, the latter being merely a delegate holding office under the terms of his Commission "during our pleasure": i.e., the Sovereign's pleasure, and carrying on the Government of Canada, as sec. 10 of the British North America Act, 1867, in terms declares "on behalf and in the name of the Queen" and her heirs and successors, that is, the Sovereign for the time being.

It follows, therefore, that the King, while in Canada, can do any act in respect of the Executive Government of Canada that is now done by the Governor General, other than acts prescribed by statute to be performed by the latter as *persona designata*. There are royal functions, the exercise of which in respect of Canada, have not been delegated to the Governor General by his Commission or Instructions, and which are normally performed by the King in England. These include the issue of full powers and instruments of ratification, *exequaturs* to Consuls, the appointment and recall of Governor Generals of Canada, and the issue of letters of credence. It is apprehended that such royal acts, in respect of the Government of Canada, could be performed by the King in Canada, except in so far as difficulty may arise from the legal requirements governing the use of the Great Seal and of the Signet. Documents under the Sign Manual could be executed in Canada; but there would be legal difficulty in regard to documents issued under the Signet and Great Seal. If it be likely that the King will be called upon, while in Canada, to do some act requiring the use of the Signet, immediate steps should be taken to provide for the handing over by the King to the Secretary of State for External Affairs or to the Secretary of State of Canada of the Signet, to remain in his custody and to be returned to the Governor General on his leaving office. No legislation will be necessary for this purpose. On the other hand, if it be likely that the King will be called upon to do some act, such as the issuing of a full power or of an instrument of ratification in respect of a Canadian treaty which would normally require the use of the Great Seal of the United Kingdom, it would seem to be necessary to secure the enactment of the Parliament of Canada of appropriate legislation to authorize the use of the Great Seal of Canada for such purposes. It is expressly provided by the Union of Scotland Act, 1706 (6 Ann. c.11; 5 Ann c.8, Ruff.) Article 24, that the Great Seal of the

United Kingdom is to be used for sealing writs to elect and summon the Parliament of Great Britain and for sealing treaties with foreign princes and States, and all public acts, instruments and Orders of State which concern the whole of the United Kingdom (now including Great Britain and Northern Ireland: Royal and Parliamentary Titles Act, 1927 (17 Geo.V. cap.4) sec.2 (2)), and in all other matters relating to England as the Great Seal of England was used prior to the date of the Union. This enactment would, at present, stand in the way of the use of the Great Seal of Canada in respect of instruments of the class aforementioned; but it would, I apprehend, be competent to the Parliament of Canada by appropriate legislation to displace the operation of that enactment in respect of Canadian documents for the validation of which the Great Seal of the United Kingdom is now required.

It should not, in this connection, be overlooked that in the United Kingdom, at this time, the royal functions will be performed by Counsellors of State in virtue of delegation by letters patent under the authority of sec. 6 of The Regency Act, 1937 (Imp. Stat., 1937 cap. 16); and that, as this Act does not profess to make provision for the exercise of the royal functions in any of the events mentioned therein in respect of the government of any of the Dominions, the Counsellors of State will have no legal authority to execute any document pertaining to the Government of Canada, such as a full power or an instrument of ratification in respect of a Canadian treaty.

*2. As to the constitutional position of His Excellency the Governor General while the Sovereign is in this country:*

I am of the opinion that the King's presence in Canada will not have effect, by reason of his legal power to perform the royal functions in respect of the Government of Canada, to impair or to supersede the authority of His Representative, the Governor General, to perform the various royal functions which have been delegated to him by his Commission and Instructions. Presumably the Governor General will continue, during His Majesty's visit, to exercise the royal functions in the same manner and substantially to the same extent as if the King were in the United Kingdom. His authority will be curtailed only to the extent that the King may, while in Canada, actually be called upon to perform specific royal functions.

*3. As to the relationship of the Prime Minister to His Majesty, and to His Excellency the Governor General, while the Sovereign is in Canada:*

I am disposed to think that the relationship of the Prime Minister to His Majesty, while he is in Canada, will be precisely the same as that which obtains between the Prime Minister of the United Kingdom and His Majesty while he is in the United Kingdom, to the extent, at any rate, that His Majesty may be called upon to perform royal functions in respect of the Government of Canada. For instance, in the United Kingdom, the Prime Minister acts as the formal medium of communication between the Cabinet and the Sovereign. Though the Sovereign takes no part in the formal delibera-

tions of his Ministers, he is constitutionally entitled to criticize the conduct of the executive, and for this purpose the resolutions of the Cabinet ought to be communicated to him, together with the fullest information on all important matters in time to enable him to become fully acquainted with their nature before coming to a decision. Moreover, the King is entitled to be informed of all important executive or legislative measures which have so far ripened towards action as to have come before the Cabinet for discussion.

It is, I imagine, not likely that the King, while in Canada, on a visit of such short duration as that contemplated, will desire to take part in the affairs of government to the same extent as he would in relation to the Government of the United Kingdom. I think the matter is essentially one in which every effort should be made, consistently with adherence to the principle of ministerial responsibility, to conform to his wishes. I assume, of course, that His Majesty will perform only such formal acts of state in relation to the Government of Canada as he may be advised by the Prime Minister to perform. Subject to the foregoing, I think the relationship of the Prime Minister to His Excellency the Governor General, while the Sovereign is in Canada, will continue as at present.

Yours sincerely,

ERNEST LAPOINTE

27.

*Le Premier ministre au secrétaire particulier du Roi*  
*Prime Minister to Private Secretary to the King*

Ottawa, March 15, 1939

Dear Major Hardinge,

His Majesty's Government in Canada have had under consideration certain legal aspects of the Royal visit. To clarify the situation, and in order to be in a position to advise His Excellency the Governor General with regard to the performance of his functions during His Majesty's presence in Canada, I submitted three questions to the Minister of Justice for his opinion.

These questions related to the constitutional position during His Majesty's presence in Canada, and, particularly, to the constitutional position of the King with respect to all matters of State, to the constitutional position of the Governor General, and to the relationship of the Prime Minister of Canada to His Majesty and to the Governor General during the Royal Visit.

I am enclosing copies of my letter, and of the opinion of the Minister of Justice in answer thereto, for the information of His Majesty the King.

Yours sincerely,

W. L. MACKENZIE KING

PARTIE 3 / PART 3  
 GOUVERNEUR GÉNÉRAL  
 GOVERNOR GENERAL

28.

*Le secrétaire, Gouverneur général au sous-secrétaire d'État  
 aux Affaires extérieures*  
*Secretary to Governor General to Under-Secretary of State  
 for External Affairs*

Ottawa, December 17, 1936

CONFIDENTIAL

My dear Doctor Skelton,

Last June, Pereira asked you whether it would be possible for the Governor-General to see important despatches from the Canadian Ministers in Paris, Washington and Tokio, and from the High Commissioner in London. At present, we are in the rather ludicrous position of seeing, by reference to F.O. print, what are the views of United Kingdom Ambassadors in these countries, but we have no knowledge of the diplomatic affairs of our own Ministers.

Perhaps you would be good enough to give this your consideration, and if you can see your way to forwarding such despatches in the same way as similar documents are sent by the Foreign Office to the King's Private Secretary, I know that His Excellency would be interested to read them.

Yours very sincerely,  
 A.S. REDFERN

29.

*Le sous-secrétaire d'État aux Affaires extérieures  
 au secrétaire, Gouverneur général*  
*Under-Secretary of State for External Affairs  
 to Secretary to Governor General*

Ottawa, December 21, 1936

CONFIDENTIAL

Dear Mr. Redfern,

I have your letter of December 17th, regarding despatches from our representatives abroad. I have discussed the matter with Mr. King, and he has instructed me to say that we shall be very glad to furnish important despatches of a general character from Canadian Ministers in Paris, Washington and Tokyo and from the High Commissioner in London, for

his Excellency's reading. As you are aware, the great bulk of our despatches deal with departmental and routine affairs, but there are a number that I am sure His Excellency will find interest in reading.

Yours sincerely,

O.D. SKELTON

30.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 417

Ottawa, December 31, 1936

Sir,

I have the honour to acknowledge your despatch No. 1170 of December 16th,<sup>1</sup> regarding the possible visit of His Excellency the Governor-General to Washington in the coming year.

The matter has been taken up with His Excellency, who states that it is his intention to return President Roosevelt's visit<sup>2</sup> some time in the spring of 1937. His Excellency will probably write to the President suggesting a visit to Washington. Before doing this, he would be obliged if you could make private enquiries as to when would be the most suitable time. From His Excellency's point of view, a date in the first half of April would probably be most convenient.

I should therefore be obliged if you could take steps accordingly.

I have etc.

O. D. SKELTON for the . . .

31.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 13

Washington, January 6, 1937

Sir,

I have the honour to acknowledge the receipt of your despatch No. 417 of the 31st December last in respect to the possible visit of His Excellency the Governor General to Washington during the present year.

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> Le président Roosevelt visita la ville de Québec le 31 juillet 1936 comme invité du Gouverneur général et du gouvernement du Canada.

President Roosevelt visited the city of Quebec on July 31, 1936 as a guest of the Governor General and the Government of Canada.

2. I have taken the matter up quite informally with Colonel Marvin McIntyre who at present is acting as the principal Private Secretary of the President of the United States. Colonel McIntyre on consultation with the President suggests that a suitable time for His Excellency's visit would be immediately after Easter Day Sunday the 28th March. That is to say the week commencing Monday the 29th March.

3. Colonel McIntyre was rather undecided as to whether His Excellency would prefer to write the President direct or through this Legion accepting the invitation which the President gave him some time ago to visit the White House—or whether Lord Tweedsmuir would prefer the President to write him reminding His Excellency of that invitation and suggesting the week of the 29th March as being suitable. I said I would ascertain your views on this subject.

4. No doubt what you desire to first have determined is the approximate date of the visit and if you would be so very kind as to ascertain His Excellency's views in that regard having in mind the date above mentioned and inform me accordingly I would be very greatly obliged.

I have etc.

HERBERT M. MARLER

32.

*Le secrétaire, Gouverneur général au sous-secrétaire d'État  
aux Affaires extérieures*

*Secretary to Governor General, to Under-Secretary of State  
for External Affairs*

Ottawa, January 13, 1937

Dear Doctor Skelton,

With reference to Sir Herbert Marler's despatch No. 13 of January 6th, of which you sent me a copy, the Governor-General has to-day written privately to the President of the United States of America saying that he was anxious to accept the President's kind invitation to pay a short return visit to Washington, and asking, firstly, whether a visit this spring would be acceptable to him, and, secondly, if a visit during the week beginning March 29th would suit the President's engagements.

As soon as a reply has been received, I shall let you know, and perhaps you would then be good enough to request Sir Herbert Marler to get in touch with the authorities concerned as regards specific arrangements.

Yours sincerely,

A. S. REDFERN

33.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre aux États-Unis*

*Under-Secretary of State for External Affairs  
to Minister in United States*

Ottawa, February 25, 1937

Dear Sir Herbert,

The Governor General last night received a letter from the President indicating that the week of March 29th would be entirely acceptable for the visit to the White House.

His Excellency has an engagement in Toronto on the evening of March 29th and will go direct from Toronto arriving in Washington on March 30th. He has to be back in Ottawa on the morning of April 3rd so presumably would require to leave Thursday night or Friday noon. It is His Excellency's understanding that the programme for the visit will be drawn up by the White House in consultation with the Canadian Legation. When you communicate it to the Department of External Affairs we shall take it up with His Excellency.

As regards dress Redfern questions whether His Excellency should wear uniform on his arrival or at any other time. Security is a question that should be left in the hands of the United States Government. The staff, in addition to a valet and lady's maid, will be as follows:

Mrs. Pape	—Lady-in-Waiting,
Mr. A. S. Redfern	—Secretary to the Governor General,
Colonel H. Willis-O'Connor	C.B.E., D.S.O.,—Aide de Camp,
Lieut. G. Rivers-Smith, R.N.	— do
Captain C.P. Campbell-Preston	— do

If Their Excellencies stay at the White House, there would be no necessity for more than one A.D.C. to stay there in addition, so that, if desired, the other members of the staff could be put up elsewhere.

Simultaneous arrangements will have to be made as to press announcement and provision as to trains, but it is probable that these matters will be taken up with Mr. Armour here.

Yours sincerely,

O. D. SKELTON



34.

*Le secrétaire, Gouverneur général au sous-secrétaire d'État  
aux Affaires extérieures*

*Secretary to Governor General to Under-Secretary of State  
for External Affairs*

Ottawa, March 1, 1937

Dear Doctor Skelton,

I was looking through various files here the other day and came across a letter from Lord Wigram on the subject of the relative precedence of the Governor-General and the British Ambassador in Washington. I send you a copy of a note I have made for my file, as I think it will be useful in connection with His Excellency's forthcoming visit to President Roosevelt. His Excellency has written a private line to Sir Ronald Lindsay, merely saying that he proposes to visit Washington. I will let you know if the Ambassador reacts to it on the lines suggested in this note. If he does not, I shall have to take up the question with Buckingham Palace.

Yours sincerely,

A. S. REDFERN

[PIÈCE JOINTE/ENCLOSURE]

February 27, 1937

#### PRECEDENCE

The question was raised in 1934 of the relative precedence of the Governor-General of Canada and the British Ambassador to the United States of America in the event of the former paying a visit to Washington.

The view was taken that there were strong arguments against laying down a hard and fast rule that a visiting Governor-General should, in all circumstances, take precedence over an Ambassador in the country in which the latter was resident, and it would be preferable that the Ambassador should, as and when a case of this kind occurs, be authorised to waive his precedence voluntarily on public occasions, such as public dinners. This arrangement should permit of the Governor-General being accorded the full ceremonial normally accorded to a visiting Head of State, without derogating from the position and prestige of the Ambassador.

There was also a constitutional difficulty owing to the fact that under the Letters Patent constituting the office of the Governor-General of Canada, the Governor-General ceased his functions as Governor-General as soon as he left the Dominion. To meet this difficulty, the Letters Patent were amended on September 25th, 1935, by new Letters Patent laying down that the

Governor-General could retain his powers as fully as if he were residing in the Dominion in the event of him visiting some neighbouring State, or territory, with The King's permission, for a period not exceeding one month.

The above arrangements were approved by The King with the concurrence of the Governor-General, the Foreign Office, and the Dominions Office. (vide correspondence beginning with Sir Clive Wigram's letter to the Governor-General dated August 23rd, 1934).

A. S. REDFERN

35.

*Le secrétaire d'État des États-Unis au ministère des Affaires extérieures*  
*United States Secretary of State to Department of External Affairs*

TELEGRAM

[Washington] March 6, 1937

The following is the suggested program for the visit of Lord and Lady Tweedsmuir as approved by the President and Mrs. Roosevelt:

*Tuesday, March 30*

Tea, White House; family dinner at White House.

*Wednesday, March 31*

Luncheon to Governor General and Lady Tweedsmuir by Secretary of State and Mrs. Hull; Tea, White House, informal; Dinner for Governor General and Lady Tweedsmuir—40 or 50 people.

*Thursday, April 1st*

Luncheon at British Embassy (stag) (not yet confirmed); Luncheon for Lady Tweedsmuir by Miss Perkins (Mrs. Roosevelt to accompany Lady Tweedsmuir); Dinner at Canadian Legation (neither the President nor Mrs. Roosevelt to attend).

It is our desire you ascertain what hour of departure from Washington would be convenient for their Excellencies. Please explain that it would be equally agreeable to the President for them to say good-bye to him prior to their dining at the Canadian Legation and for them to proceed directly from the Legation to their train; or B for them to return to the White House after dinner and say good-bye to him there; or C for them to remain overnight and depart the following morning, April 2nd. The President desires to be advised in this regard.

The President is likewise agreeable to announcement of the visit being made in Ottawa. If this is done, please inform the Department in order that information may be given to the press here immediately following the announcement in Ottawa.

HULL

36.

*Le ministre aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Minister in United States to Under-Secretary of State  
for External Affairs*

Washington, March 24, 1937

Dear Dr. Skelton,

I have just returned from the Department of State where I had an interview with the Hon. Richard Southgate Chief of Protocol and Conference in respect to the visit of the Governor-General and Lady Tweedsmuir.

I attach hereto the programme which has been decided on subject to any necessary alterations.

As to those of the Governor-General's staff who it is believed will be accommodated at the White House Mr. Southgate thinks most likely in addition to Mrs. Pape and Colonel Willis-O'Connor that Mr. A. S. Redfern will also be included. A definite decision in respect to this will be made in the next day or so. It cannot be made at the moment because both the President and Mrs. Roosevelt are away and some of the senior staff at the White House are ill. We will take in Lieut. Rivers-Smith and Captain Campbell-Preston at the Legation.

Mr. Beaudry informed me in his letter of the 17th of March instant that the Governor-General would not wear uniform on arrival.

You will observe by the programme submitted that Their Excellencies will arrive at the Union Station at 5 p.m. on Tuesday March 30th. They will be met at the Station by quite a large party (the names will be sent you later) and will be escorted from the train through the Presidential Waiting Room to the entrance of the Station. At this point a question arises in respect to which I would like your advice by telegram or telephone. It is this: What tune will the band play on the appearance of the Governor General? Will it be "God Save the King" or "O Canada" or both?

Yours sincerely,

HERBERT M. MARLER

37.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis  
Secretary of State for External Affairs to Minister in United States*

TELEGRAM

Ottawa, March 29, 1937

IMMEDIATE. Your letter 24th March to Dr. Skelton and conversation with Mr. Laurent Beaudry Saturday. It is understood God Save The King and O Canada will be played on the occasion referred to in last paragraph of your letter and on other occasions referred to in conversation with Mr. Beaudry.

With regard to flag it is understood red ensign with Arms of Canada in the fly will be hoisted at main mast of U.S.S. Potomac. As far as flag of Governor General is concerned your suggestion that it should be hoisted at fore mast is satisfactory. We should prefer however to have it hoisted at main mast along side the red ensign with Arms of Canada in the fly, but you should not by any means insist on this preference.

38.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

No. 95

Washington, May 8, 1937

Sir,

I have the honour to inform you that I have been directed by the Government of Canada to express to you and through you to the President and Government of the United States the high appreciation of the Government of Canada for all the attentions shown Their Excellencies Lord and Lady Tweedsmuir during their visit to the United States of America of recent date. Might I have the honour to further inform you that the reason these official thanks have not been sent you much earlier is on account of the formal report in respect to the visit to which allusion has been made was delayed owing to the gathering of details in respect thereto. It was thought better to submit to the Canadian Government a report in full so that that report would give the correct and full picture of the many details and of the many kindnesses which the Governor-General of Canada and Lady Tweedsmuir had experienced from the Government of the United States—and so that all that had been done for them would be the more fully and more amply appreciated.

I have etc.

HERBERT M. MARLER

39.

*Le secrétaire, Gouverneur général au Premier ministre*  
*Secretary to Governor General to Prime Minister*

Ottawa, October 26, 1937

My dear Prime Minister,

I wrote to Doctor Skelton asking if it would be possible for the Governor-General to see important despatches from Canadian representatives abroad, and Dr. Skelton replied that he would be glad to send me copies of such despatches (for facility of reference, I enclose a copy of the correspondence<sup>1</sup>).

<sup>1</sup> Voir les doc. 28 et 29/see docs. 28 and 29.

Since then, I have received the despatches shown on the attached lists, from which you will see that there have been none from London since February, from Tokyo since July, from Paris since May, and there were none from Washington between February and September.

I am wondering whether there has not been some hitch in forwarding the duplicates. Would it not simplify matters from a departmental point of view, if they sent me copies of *all* despatches received, leaving it to me to judge which would be of interest to His Excellency? If it is not asking too much, perhaps some time you would spare me a moment to talk this over.

Yours sincerely,

A. S. REDFERN

40.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

November 1, 1937

1. I have consulted Dr. Skelton with regard to Mr. Redfern's suggestion. He is very much opposed to furnishing copies of all despatches pursuant to Mr. Redfern's suggestion. Compliance with the suggestion would mean the employment for full time of one additional typist in the Department.

2. I entirely agree with Dr. Skelton's view. There are certain despatches coming in which could not be communicated without placing us in a somewhat embarrassing position. Further, there are other despatches dealing with departmental matters, and it would be a waste of money to have them copied and sent to Mr. Redfern.

3. I am having Keenleyside go over the back despatches with a view to filling some of Mr. Redfern's gaps, and I shall transmit any that come in pending Dr. Skelton's return, provided that they do not contain any information the communication of which might prove embarrassing.

41.

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au secrétaire, Gouverneur général*

*Acting Under-Secretary of State for External Affairs  
to Secretary to Governor General*

Ottawa, November 3, 1937

Dear Mr. Redfern,

With reference to the Prime Minister's communication to you of the 1st of November,<sup>2</sup> I have pleasure in forwarding herewith certain despatches re-

<sup>1</sup> J. E. Read au Premier ministre/J. E. Read to Prime Minister.

<sup>2</sup> Non reproduite/not printed.

ceived in this office from our representatives in Paris, Tokyo, and London. Further copies of interesting or important despatches will be forwarded from time to time as they are received for His Excellency's information.

Yours sincerely,

J. E. READ

42.

*Le secrétaire, Gouverneur général au Premier ministre*  
*Secretary to Governor General to Prime Minister*

Quebec, July 7, 1939

PRIVATE AND CONFIDENTIAL

My dear Prime Minister,

I tried to come up to Kingsmere to see you when I was in Ottawa last week-end, but I was told you were taking a much needed rest which I can well understand. There are a number of things as regards Government House policy which I should like to discuss with you, and I will try and put one or two of them on paper.

We are now about to enter the last year of the Governor-General's term of office, in some ways the most important year of all, but I think we should always bear in mind that the Governor Generalship is a continuum, and that the changes in the individual holding the post are merely incidental. We must therefore be constantly overhauling our methods, discarding that which is worn out, and adapting the remainder to new and changing conditions. A Government House is the sort of institution that might easily lapse into decrepitude unless we are always on our guard to maintain its vigour and usefulness.

This seems to me a suitable time to take our bearings and, if necessary, adjust our course. We have recently felt the fresh personal touch of Kingship, and I think we should be wise to learn what lessons we can from that experience. One of those lessons is the results that can be achieved by close and friendly co-operation between the Departments and Services of His Majesty's Canadian Government (and especially your own office) and the members of the Governor General's Staff. That is a state of affairs that should not merely be maintained but should, I think, be still further improved. I am sure you will agree that it would be contrary to the spirit of such co-operation if I did not indicate to you quite frankly in what ways I think that improvement could take place.

I have always held that the surest safeguard against the Governor General committing any sort of constitutional error is to keep him very fully informed

of current events. This is particularly important in times of international crisis. From what you said in the House of Commons on April 24th, I know you are of the same opinion. Most of the official information on the rapidly changing international scene is communicated to the Canadian Government by telegram from the Dominions Office in London to the Department of External Affairs in Ottawa, and we cannot but admire the regularity and promptness with which these important and secret documents are sent to me for the Governor General's information.

These telegrams are, however, factual. They are of necessity curtailed in form, though remarkably explicit. They give a rapid and accurate survey of a situation as it exists at the time. They give no background against which that situation can be envisaged. They fulfil their purpose with unsurpassed lucidity and economy of utterance. On the other hand, they describe the situation as seen through the eyes of the United Kingdom Government only. They are a recital of what that Government is doing or going to do. They do not pretend to see the situation from any other point of view. They are supplemented, in due course, by printed copies of despatches which form a complete picture of the diplomatic relations between His Majesty's Government in the United Kingdom and other powers. These are also regularly sent to me for the Governor General's perusal. But I could wish that just as His Excellency is kept fully informed of the views and activities of His Majesty's United Kingdom Ambassadors and Ministers throughout the world, so also he should receive equally good information of the activities and opinions of His Majesty's Canadian representatives abroad.

In many respects despatches from these officials would be of greater interest and value to His Excellency than those from representatives of the United Kingdom Government, because they are more likely to express an independent opinion. They would be the views of trained diplomats who are not themselves often involved in the matters of which they write.

On this basis, the Minister in Tokyo might, for instance, quite legitimately disagree with the attitude of the British Ambassador on some question. The handling of a situation by the British Ambassador in Washington might in the opinion of the Canadian Minister be prejudicial to Canadian interests, and it would be his duty to inform the Government accordingly. Furthermore, there must be many matters which form the subject of general reports by Canadian Ministers, such, for instance, Their Majesties' recent visit and the situation in parts of China in which Canadian nationals are involved.

As long ago as December, 1936, I took up the question with Skelton, and you will remember that I wrote to you on the same subject in October, 1937, and it was agreed between us that important despatches would be sent to me. I fear that the stream has now completely dried up.

In 1938, we received five despatches from the High Commissioner in London, and no despatches from Washington, Paris, Tokyo, and Geneva.

In 1939, I cannot recollect having seen any despatches so far, from Canadian representatives abroad, although the last year and a half has been a period of intense diplomatic activity. In Washington, the Canadian Minister has been in a position to observe and in fact has to some extent participated in a complete reorientation of foreign and economic policy. In London, the High Commissioner has been in daily personal contact with every phase of the Government's treatment of an international situation of an unprecedented nature. In Tokyo, the Minister has seen a country go to war and has had an opportunity of observing the change to a war economy. In Paris, the Minister has been in the unique position of an independent observer in the front line diplomatic trenches. At Geneva, the Canadian representative has been the witness of the deterioration of that great institution which, at one time, was one of the strongest links holding the Empire together. Surely our Canadian representatives have not failed to comment to their Government on these dramatic and historic events.

To ensure that the Governor General is, in future, kept fully informed of international affairs from the Canadian point of view, I wonder if you would agree to Canadian representatives abroad being empowered to send me *direct* copies of despatches which, in their opinion, should be read by the Governor General. No extra work would fall on the shoulders of the Department of External Affairs, and all that would be required in each Legation would be an additional carbon copy of such despatches as the Minister considered important. The practice of cross communication is not uncommon in the British Diplomatic Service despite the fact that there is a highly efficient Communications Department at the Foreign Office.

As regards domestic matters, when we are in Ottawa, your frequent conversations with His Excellency are, of course, invaluable, but in the summer we have of necessity to rely on what we can glean from an inaccurate and localised press. If anything in the nature of confidential progress reports could be issued by Departments on such subjects as Defence, Unemployment, etc., they would be most valuable.

I fear this is an intolerably long letter, but I am anxious that we should put into practice as regards the King's representative one of the most striking facts that emerged from the King's visit—that the King is a human being with a job to do and is not a mere symbol whose main function is to sign papers which he never reads and provide an exclusive atmosphere for certain social entertainments. There are many ways in which our own staff work is, in my opinion, too formal, and I am going into this at present, but I need hardly say that I would welcome the opportunity of a conversation with you on all these matters sometime when you are not overwhelmed with more urgent affairs.

Yours very sincerely,

A. S. REDFERN



43.

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire, Gouverneur général*

*Under-Secretary of State for External Affairs  
to Secretary to Governor General*

Ottawa, July 24, 1939

PRIVATE AND CONFIDENTIAL

Dear Mr. Redfern,

The Prime Minister has asked me to acknowledge your letter of July 7th, regarding communications on international affairs.

I am not quite clear as to the bearing on this subject of some of the general considerations advanced in your letter, but as regards the specific point of the transmission of communications from Canadian offices abroad, I entirely agree with your statement that copies of these despatches have not been transmitted to the Governor-General's Office in recent months.

In view of the difference in subject matter of the great bulk of reports from Canadian offices abroad compared with those sent by United Kingdom representatives abroad, and of other factors into which I need not enter, including the continuous pressure on the Department, it has not been an easy matter to comply with the arrangement made some time ago. We recognize, however, the essential importance of communications dealing with developments of international interest being transmitted, as far as possible. The Prime Minister has given instructions that every effort should be made to carry out this practice in future.

You enquire if the Prime Minister would agree to the suggestion that Canadian representatives abroad should be empowered to send to you direct copies of despatches which in their opinion should be read by the Governor General. The Prime Minister is of the opinion that this procedure could not be adopted without delegating to the Ministers abroad the responsibility which should rest on the Government itself, and which it could not appropriately delegate. It would not appear that a Canadian Minister or other official abroad should undertake to report to the Governor General as well as to his own Minister any more than the British Legations should report to the King as well as to the Secretary of State for Foreign Affairs.

I have no doubt, however, that without adopting the procedure you suggested arrangements can be made for a more adequate transmission of communications of interest.

Yours sincerely,

O. D. SKELTON

## PARTIE 4/PART 4

REPRÉSENTATION DIPLOMATIQUE ET CONSULAIRE  
DIPLOMATIC AND CONSULAR REPRESENTATION

44.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 404

London, October 23, 1936

Sir,

I have the honour to transmit, for the consideration of His Majesty's Government in Canada, the accompanying copy of a note from the Belgian Ambassador regarding the desire of the Belgian Government to establish a Legation at Ottawa and to appoint, as the first Minister of Belgium in Canada, Baron Silvercruys, at present Counsellor of the Belgian Embassy in London.

2. I should be glad to learn what reply His Majesty's Government in Canada would wish to be returned to the Belgian Ambassador.

I have etc.

MALCOLM MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur de Belgique en Grande-Bretagne*  
*au secrétaire d'État aux Affaires étrangères de Grande-Bretagne*  
*Belgian Ambassador in Britain*  
*to British Secretary of State for Foreign Affairs*

S.G. 1/2

Londres, le 12 octobre, 1936

No. 11954

Monsieur le Secrétaire d'État,

J'ai été chargé par M. le Ministre des Affaires Étrangères et du Commerce Extérieur à Bruxelles d'avoir l'honneur d'exposer à Votre Excellence ce qui suit.

Le Gouvernement belge désirerait établir une représentation diplomatique directe de la Belgique au Canada, par la création d'une Légation à Ottawa. A cette fin, il élèverait au rang de Légation son Consulat Général dont le siège serait transféré de Montréal à Ottawa. Il aurait l'intention de désigner comme premier Ministre de Belgique au Canada le Baron Silvercruys, actuel-

lement Conseiller de l'Ambassade du Roi à Londres. Le Gouvernement belge serait heureux de savoir si la création d'une Légation de Belgique au Canada serait agréable au Gouvernement de Sa Majesté Britannique dans le Dominion du Canada, et, le cas échéant, si le Gouvernement canadien serait disposé à agréer le Baron Silvercruys en qualité de Ministre de Belgique.

Je serais reconnaissant à Votre Excellence de vouloir bien porter ce qui précède à la connaissance du Gouvernement canadien, et je saisis etc.

E. DE CARTIER

45.

*Mémorandum*

*Memorandum*

[n.d., 1936]

DESIRE OF BELGIAN GOVERNEMENT TO ESTABLISH A LEGATION AT OTTAWA  
AND TO RECEIVE AGRÉMENT OF THE CANADIAN GOVERNMENT FOR BARON  
SILVERCRUYS

Two questions require consideration:

(a) Whether the Belgian proposal is to be accepted by the Canadian Government; and

(b) Whether the Canadian Government is to reciprocate and, if so, to what extent.

(a) It is very unusual for a country to make a formal proposal of this nature without having first discussed it with the Government of the other country. Our position hitherto has been to tell inquirers that our Legation policy was at the outset on a reciprocal basis, sending and receiving Ministers simultaneously. While this is the general rule, there are very many exceptions to it, and it is hardly possible to refuse to accept a Minister if the other country insists. This is the case of Belgium, which has put forward the proposal in a formal way, without previous consultation. The situation is made more difficult by the press publicity which has been given to the proposal, in a despatch from London.

It is difficult, if not impossible, to turn down the proposal under these circumstances. On the other hand, if we accept it, we must be prepared to accept the consequence of the precedent thus created. Other Legations could thus be forced upon us, whether or not it might be convenient for the Canadian Government to accept them at any particular moment. The fact is that Canada, which is increasingly in the public eye, is rapidly becoming a country in which other countries expect to derive advantages from the establishment of a Legation. A number of countries, e.g. Italy, Holland,

China, have informally indicated their readiness to establish a Legation. In many cases, it would merely involve turning their Consulate-General into a Legation, without much extra expense.

(b) As to our action, if we agree to the Belgian proposal, there are several courses open:

1. Do nothing. It seems that, strictly speaking, the right of legation, when it is exercised by a country, does not necessarily imply reciprocity on the part of the other country concerned, although it may be taken that cases are rare in which some measure of reciprocity, e.g. by appointment of a Consul General, does not take place. It may perhaps be added that a country which makes a formal proposal to establish a Legation, without previous consultation with the other country concerned, and which thereby places that other country in the position of having to accept that proposal, assumes the risk of finding that other country unprepared to reciprocate. Its proposal might, in such case, be considered regardless of its reciprocity aspect. It may be noted in this connection, that the letter from the Belgian Ambassador makes no reference to any question of reciprocity.

2. Appoint a Consul General in Belgium. The establishment of a consular service in close connection with our diplomatic service is a question which requires serious consideration, but it is not a decision which can be taken without careful review of all the factors involved. (Probably the best approach would be to give consular rank and duties to some members of our existing legations). It would not be advisable to make a premature start by an appointment in Brussels.

3. Make the Minister in Paris Minister also in Belgium and perhaps later in Holland, with a Chargé d'Affaires in actual charge, and a small staff. This is a very common practice particularly on the part of the smaller countries. For example, the South African Minister in the Netherlands acts as Minister in Belgium, and the Irish Free State Minister in Paris is also accredited to Belgium. Belgium, it may be noted, has only a Consul General in South Africa and in Ireland.

4. Appoint a full fledged Minister to Brussels—not a serious possibility—there are many other countries where there is more ground for such an appointment.

46.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 71

Ottawa, December 8, 1936

Your despatch No. 404 of 23rd October regarding Belgian proposal to establish a Legation at Ottawa.

Please advise Belgian Ambassador that His Majesty's Government in Canada are pleased to learn of proposal of Belgian Government to establish

a Legation in Ottawa and will be glad to receive Baron Silvercruys as the first Minister of Belgium to Canada. While it is noted that the Belgian Government makes no reference to reciprocal action by Canada, I may add that the Canadian Government does not contemplate providing for further diplomatic representation abroad at present.

47.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 72

Ottawa, December 8, 1936

IMMEDIATE. Our telegram No. 71 this date. Please take no action until further communication. Please confirm.

48.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 88

London, December 9, 1936

Your telegram 8th December, No. 72. Action suspended as requested.

49.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 74

Ottawa, December 10, 1936

My telegram No. 71 of 8th December. Will you now take action as indicated therein.

50.

*Le secrétaire adjoint, Gouverneur général au sous-secrétaire d'État adjoint*  
*aux Affaires extérieures*

*Assistant Secretary to Governor General to Assistant Under-Secretary of State*  
*for External Affairs*

Ottawa, December 11, 1936

Dear Mr. Beaudry,

With reference to your letter of the 9th instant,<sup>1</sup> concerning the question of the establishment of a Belgian Legation in Ottawa, I now confirm what I

<sup>1</sup>Non reproduite/not printed.

told you yesterday that the Governor General approves of the terms of the reply being transmitted to the Secretary of State for Dominion Affairs as set forth in your letter.

His Excellency asks me to thank you for your courtesy in this matter.

Your sincerely,

F. L. C. PEREIRA

51.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 91

London, December 14, 1936

Your telegram No. 74. Action taken as desired on December 11. Copies of note addressed to Belgium Ambassador follow by mail.

52.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 466

London, December 18, 1936

Sir,

With reference to my telegram No. 91 of the 14th of December, I have the honour to transmit a copy of a note which was addressed to the Belgian Ambassador on the 11th of December regarding the desire of the Belgian Government to establish a Legation in Ottawa.

I have etc.

MALCOLM MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État aux Affaires étrangères de Grande-Bretagne*  
*à l'ambassadeur de Belgique en Grande-Bretagne*

*British Secretary of State for Foreign Affairs*  
*to Belgian Ambassador in Britain*

London, December 11, 1936

Your Excellency,

With reference to Your Excellency's Note No. S.G.1/2 No. 11954 of the 12th October last, I have the honour to inform you, at the instance of

His Majesty's Government in Canada, that they are pleased to learn of the proposal of your Government to establish a Legation in Ottawa and that they have ascertained that the appointment of Baron Silvercruys as the first Minister of Belgium to Canada will be entirely agreeable to The King.

I have etc.

NEVILLE BLAND for the...

53.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

December 22, 1936

BELGIAN LEGATION AT OTTAWA—BARON SILVERCRUYS

Mr. Pereira, Assistant Secretary to the Governor-General, brought to my attention the attached telegram from the Secretary to the King. Apparently the Governor-General is anxious to send some reply today.

From the attached copy of the official correspondence on the subject, I think you and Dr. Skelton assumed that the proposal made by Belgium was in the form of an approach to the Canadian Government. While it would have been safer to request the approval of the King from the very beginning, the fact that the proposal was considered to be an approach explains the omission to follow the usual procedure in requesting the approval of His Majesty.

I suggest that I might speak to Mr. Pereira in that sense, adding that under the circumstances the formal request for His Majesty's approval is being made forthwith. Enclosed herewith is a draft telegram<sup>2</sup> to the Secretary of State for Dominion Affairs.

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire particulier au Roi au Gouverneur général*

*Private Secretary to the King to Governor General*

TELEGRAM

London, December 21, 1936

Have heard Canadian Government have agreed to establishment of Belgian Legation in Ottawa and to appointment of Minister. I presume that before matter is dealt with, official approval of His Majesty will be sought in usual way.

HARDINGE

<sup>1</sup>L. Beaudry au Premier ministre/L. Beaudry to Prime Minister.

<sup>2</sup>Le doc. 54 est le télégramme envoyé/doc. 54 is the telegram sent.

54.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 79

Ottawa, December 22, 1936

My telegram No. 71 of 8th December.

Belgian Legation at Ottawa and Baron Silvercruys.

His Majesty's Government in Canada have thus far considered this proposal an approach. In the event of the Belgian Government desiring to proceed with their proposal, His Majesty's Government in Canada would wish with the concurrence of His Excellency the Governor General to seek the official approval of His Majesty.

55.

*Le haut commissaire de Grande-Bretagne au sous-secrétaire d'État*  
*aux Affaires extérieures*

*British High Commissioner to Under-Secretary of State*  
*for External Affairs*

Ottawa, December 24, 1936

SECRET AND IMPORTANT

My dear Dr. Skelton,

To enable you to complete your records I should perhaps send you this letter to confirm the understanding reached when you were good enough to see Holmes this morning that I should inform the Secretary of State for Dominion Affairs that it is the desire of the Canadian Government that the matter of the proposed Belgian Legation should be regularised by a formal submission to His Majesty by the Secretary of State on their behalf.

I am telegraphing accordingly and at the same time I am explaining that while the difficulties of obtaining a further formal note from the Belgian Ambassador in London are appreciated, the Canadian Government would wish that a note should be addressed to him to supplement that sent to him in respect of their telegram No. 74 of the 10th December making it clear, but not putting it as a condition of the reception of a Belgian Minister here, that it is not the intention of the Canadian Government at present that a Canadian Minister should be appointed to Brussels.

Yours very sincerely,

F.L.C. FLOUD



56.

*Le secrétaire, Gouverneur général au sous-secrétaire d'État  
aux Affaires extérieures*

*Secretary to Governor General to Under-Secretary of State  
for External Affairs*

Ottawa, January 9, 1937

Dear Doctor Skelton,

I have to acknowledge, with thanks, your letter of January 8th,<sup>1</sup> and have informed the Governor-General that His Majesty the King has approved the establishment of a Belgian Legation in Ottawa, and the appointment of Baron Robert Silvercruys as first Belgian Minister to Canada.

The Governor-General's last information on this subject was that the Belgian Government had merely made an approach, and this was the substance of His Excellency's reply to the wire received from the Private Secretary to the King on December 21st. Since then, apparently, a decision has been reached, and The King's approval has been sought and obtained. If it would not put your Department to any inconvenience, I feel sure that His Excellency would greatly appreciate being kept informed of a development of this sort as and when the various stages occur?

I note that Baron Silvercruys has received his Letters of Credence, and I am to say that it would be convenient to the Governor-General to receive him, for the presentation of his Credentials, at 10:30 a.m. on Monday next, January 11th, at Government House. I note also that the Minister will be accompanied by Mr. Maurice Heyne on Monday, and that his sister, Mrs. Silvercruys Farnam will wish to accompany the Baron to the various forthcoming official functions. Arrangements will be made accordingly.

Yours sincerely,

A.S. REDFERN

57.

*Le Premier ministre au haut commissaire en Grande-Bretagne  
Prime Minister to High Commissioner in Britain*

Ottawa, February 10, 1937

PERSONAL AND CONFIDENTIAL

My dear High Commissioner,

I have your letter of the 29th January,<sup>1</sup> transmitting the Belgian Ambassador's comments on the indication which had been given that Canada was not likely to reciprocate for some time the establishment of the Belgian

<sup>1</sup>Non reproduites/not printed.

Legation in Ottawa by a similar step in Brussels. I note that the Ambassador is apprehensive that the Belgian Government might incur some criticism in the Belgian Parliament for having accepted one-sided representation.

I quite appreciate the situation. We have ourselves always taken the view in the past, when the question of the establishment of Legations in Canada was concerned, that it was desirable that arrangements should be reciprocal, and we have stated in some cases that we were not at the time in a position to arrange for the extension of our Diplomatic Service by establishing additional posts. At the same time I believe that the reciprocal establishment of Legations is by no means a universal practice.

We regret any embarrassment that might result, but the fact is that any other action on our part was rendered difficult by the premature publicity given by the press to the original enquiry made by the Belgian Government. We had had under consideration for some time the question as to whether the establishment of additional Legations should be taken up, and had decided to postpone the matter until after the present session of Parliament.

On October 12th, you will recall the Belgian Ambassador wrote the Secretary of State for Foreign Affairs, indicating the desire of the Belgian Government to establish direct diplomatic representation of Belgium in Canada by setting up a Legation at Ottawa, and to designate Baron Silvercruys as first Minister of Belgium to Canada. It was added that the Belgian Government would be happy to learn whether the establishment of a Belgian Legation in Canada and the nomination of Baron Silvercruys would be agreeable to the Canadian Government. By despatch of the 23rd October, 1936, the Secretary of State for Dominion Affairs transmitted the Ambassador's note to the Secretary of State for External Affairs. At some time between those dates you informed me, and also Dr. Skelton who was in London with me at the time, of the enquiry which had been received.

On October 16th the following press despatch appeared in the MONTREAL GAZETTE:

Belgium, which is now represented in Canada by a Consul [General], desires to send a Minister to that Dominion.

An unofficial approach from Brussels through the British Foreign Office was made today to ascertain if the Ottawa Government would be pleased to have the present Belgian Consulate raised to a Legation. The request will undoubtedly be transferred to the Dominions Office for transmission to Canada.

The Canadian Government would have preferred to have the question of the establishment of any additional Legations stand until consideration of the whole question of the expansion of our Diplomatic Service could be given consideration, but in view of the above press despatch, which was widely reproduced in Canada, it was felt that it would be embarrassing to the Belgian Government if such an answer were returned. It was not possible, so far as Canada was concerned, to take any action for the present, but Council decided it would be desirable to accept the suggestion of the Belgian Ambassador, which, incidentally, had made no specific reference to reciprocal action by Canada. On December 8th a telegram was accordingly sent to

the Secretary of State for Dominion Affairs, asking that the Belgian Ambassador should be advised that the Canadian Government were pleased to learn of the proposal to establish a Legation in Ottawa, and would be glad to receive Baron Silvercruys as the first Minister of Belgium to Canada. It was added that while the Belgian Government made no reference to reciprocal action by Canada, the Canadian Government wished to indicate that it did not contemplate providing for further diplomatic representation abroad at present.

On December 11th the Foreign Office conveyed the first part of the message to the Ambassador, but not the second part. Some question arose, into which it is not necessary to enter, as to the formal submission of Baron Silvercruys' name to His Majesty the King. When this point was dealt with on January 2nd, the Secretary of State for Foreign Affairs was also requested, through the High Commissioner for the United Kingdom who had been asked to communicate with us on the subject, to send a further note to the Belgian Ambassador transmitting the second part of our telegram. This was done.

I should be glad if you would transmit such of this information as you consider necessary to the Baron de Cartier de Marchienne. I am sure he will see that far from desiring to cause any embarrassment to the Belgian Government, we made an exception to the policy we had decided upon simply in order to avoid the embarrassment that would have resulted from non-action, in view of the press having made public the fact that the Belgian Government had definitely raised the matter.

I am sure that if the subject arises in the Belgian Parliament, it will be possible to meet it by stating that the question of Canadian representation is under consideration.

Yours sincerely,

W. L. MACKENZIE KING

58.

*Le sous-secrétaire d'État aux Affaires extérieures au ministre de Belgique*  
*Under-Secretary of State for External Affairs to Belgian Minister*

Ottawa, February 22, 1938

CONFIDENTIAL

My dear Baron Silvercruys,

I am in receipt of your letter of February 21st,<sup>1</sup> advising that you have now been informed by Mr. Spaak that the measures as to the establishment of a Canadian Legation in Brussels which were discussed with you, will be favourably received. I should be obliged if you would express to Mr. Spaak the Canadian Government's appreciation of his reply.

As I informed you when you called at the Department yesterday, it will not be possible to make a definite decision until the Supplementary Estimates

<sup>1</sup> Non reproduite/not printed.

are being considered. The Main Estimates, as you are aware, have already been tabled. It is therefore our intention to make no public reference to the possibility of establishing this Mission pending that decision.

Yours sincerely,

O. D. SKELTON

59.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

April 8, 1938

SUPPLEMENTARY ESTIMATES

In case it is decided to establish Canadian Legations in Belgium and Holland, it would be necessary to include in the Estimates an appropriation of say \$60,000.

This estimate is based on the following assumptions:

- (1) The appointment of a single Minister to the two countries.
- (2) The establishment of lower salaries and allowances for such a Minister than those in force in the larger centres.
- (3) The appointment of one Secretary in each capital, with rank of First or Second Secretary, and a staff of say three in each place.
- (4) The probability that the appointment of a Minister would not be made until late in the summer, and that the balance of the Vote would be available for furnishings.

The Union of South Africa appropriates \$75,000 for a similar joint appointment to Holland and Belgium, but Holland is of particular importance to them. I would think, therefore, we could get along on a basis of sixty to sixty-five thousand dollars in a full year.

If any High Commissioners were appointed in the Dominions, we would have to allow somewhere between thirty and forty thousand dollars each for a full year.

60.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 25, 1938

ESTABLISHMENT OF LEGATIONS IN BELGIUM AND HOLLAND

It is now ten years since Canada opened a new chapter in the assumption of the responsibilities of self-government by establishing its first Legation

<sup>1</sup> De/by O. D. Skelton.

abroad. It is now recognized that a distinct Diplomatic Service is a logical and inevitable result of the assumption of the responsibilities attaching to the new international status of Canada; that the Legations have rendered definite and practical service in a solution of issues with other countries; and that they have contributed to a better understanding of Canada's position and a knowledge of Canada's trade and resources.

Incidentally, recent years have increased the necessity for direct diplomatic contact with governments abroad, in view of increasing state participation in and control of international trade through quotas, import licenses, import monopolies, exchange control, etc. These tendencies all make it increasingly desirable to be in a position to remove the political difficulties that may bar the expansion or continuance of Canadian trade.

Canada was the first Dominion to initiate the proposals for the establishment of a diplomatic service, though the Irish Free State actually appointed a Minister in Washington shortly before Canada. Canada has still the three diplomatic posts established in Washington in 1927 and in Paris and in Tokyo in 1928. The Irish Free State is now represented in seven foreign capitals and South Africa in eight.

Countries comparable or with smaller population and foreign trade, such as Argentina, Belgium, the Netherlands, and Sweden have from 37 to 52 posts abroad. It will be many years before Canada will need to expand the Service to comparable dimensions, particularly in view of the relative importance of our relations with the countries where we are now represented. It does, however, appear desirable to resume on a modest scale the establishment of Legations abroad. In planning such an expansion, it has been considered desirable to take into account the fact that Belgium has already established a Legation in Canada and that while there is no absolute rule of reciprocal action such a policy is customary. In considering such an establishment of a Legation in Belgium, it was thought desirable to take into account, also, the possibility of establishing a Legation in the adjoining state, the Netherlands, particularly as in accordance with the practice of many smaller countries, including the Dominions to which I have referred, it is found possible to carry on the work of two Legations in adjoining countries with a single Minister. It may be noted that in the fiscal year 1936-37, among the foreign countries in which we are not now represented, Belgium and the Netherlands were the countries which were the largest purchasers of Canadian products.

It is proposed, therefore, to establish Offices in both Brussels and The Hague. The Minister would spend approximately equal time in each capital, leaving the Legation under a Chargé d'Affaires in the other capital during his absence from it. It is not proposed to make an appointment until later in the year.

## 61.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions<sup>1</sup>*  
*Secretary of State for External Affairs to Dominions Secretary<sup>1</sup>*

TELEGRAM 20

Ottawa, May 28, 1938

His Majesty's Government in Canada have come to the conclusion that it is desirable that the handling of matters at Brussels relating to Canada should be confided to an Envoy Extraordinary and Minister Plenipotentiary accredited to the Belgian Government.

Such a Minister would be accredited by His Majesty The King to His Majesty The King of the Belgians and he would be furnished with credentials which would enable him to take charge of all affairs relating to Canada. He would be the ordinary channel of communication with the Belgian Government on these matters. The arrangements proposed would not denote any departure from the principle of the diplomatic unity of the Empire, that is to say, the principle of consultative cooperation amongst all His Majesty's representatives as amongst His Majesty's Governments themselves, in matters of common concern. The methods of dealing with matters which may arise concerning more than one of His Majesty's Governments would therefore be settled by consultation between the representatives of His Majesty's Governments concerned.

The first Canadian Minister to Belgium, who would be designated within the next few months, would also be accredited as the first Canadian Minister to the Netherlands.

In proposing the establishment of a Canadian Legation, His Majesty's Government in Canada trust that it will promote the maintenance and development of cordial relations, not only between Belgium and Canada, but also between Belgium and the whole British Commonwealth of Nations.

I should be glad if His Majesty's representative at Brussels might be requested, at the instance of His Majesty's Government in Canada, to communicate with the Belgian Government in the sense of the above.

## 62.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 22

Ottawa, May 28, 1938

CONFIDENTIAL. With reference to my telegrams Nos. 20 and 21<sup>2</sup> of today concerning proposed establishment of Canadian Legations at Brussels and The Hague, I may say for your information and the information of His

<sup>1</sup> Un message semblable fut expédié pour transmission au gouvernement des Pays-Bas.  
 Similar message sent for transmission to the Netherlands government.

<sup>2</sup> Non reproduit/not printed.

Majesty's representatives in Belgium and the Netherlands that from informal and confidential conversations with Belgian Minister to Canada and the Consul General of The Netherlands in Ottawa, it is understood the Canadian proposals referred to in my telegram would be agreeable to their Governments.

63.

*Le secrétaire particulier du Roi au Gouverneur général*  
*Private Secretary to the King to Governor General*

TELEGRAM

London, June 8, 1938

Reference proposed establishment of Canadian Legation in Belgium and Netherlands, do Canadian Government intend to seek The King's approval by submission through yourself, or do they wish submission to be made by Secretary of State for Dominions?

HARDINGE

64.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 23

Ottawa, June 10, 1938

My telegrams Nos. 20 and 21 of 28th May, 1938, concerning proposed establishment of Canadian Legations in Belgium and The Netherlands. I should be grateful if you would consider these telegrams to have been preceded, according to the established procedure, by a request to seek His Majesty's approval.

65.

*Le sous-secrétaire d'État aux Affaires extérieures*  
*au secrétaire, Gouverneur général*  
*Under-Secretary of State for External Affairs*  
*to Secretary to Governor General*

Ottawa, December 1, 1938

My dear Mr. Redfern,

The Canadian Government propose to submit to His Majesty the King for approval the name of Jean Désy, now Counsellor in the Canadian Legation, Paris, for appointment as Canadian Minister to Belgium and The Netherlands.

Before the usual steps are taken to request His Majesty's approval, they wish to request the concurrence of His Excellency the Governor-General.

Yours sincerely,

O. D. SKELTON

66.

*Le secrétaire, Gouverneur général au sous-secrétaire d'État  
aux Affaires extérieures*

*Secretary to Governor General to Under-Secretary of State  
for External Affairs*

Ottawa, December 3, 1938

My dear Doctor Skelton,

The Governor-General entirely concurs in the proposal of the Canadian Government to submit for the approval of His Majesty The King, the name of M. Jean Désy for appointment as Canadian Minister to Belgium and The Netherlands.

Yours sincerely,

A. S. REDFERN

67.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions  
Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 64

Ottawa, December 5, 1938

SECRET. His Majesty's Government in Canada with the concurrence of the Governor General wish to name Jean Désy, Counsellor of the Canadian Legation in Paris, as Envoy Extraordinary and Minister Plenipotentiary to Belgium and to The Netherlands,<sup>1</sup> and I should be obliged if appropriate steps could be taken to submit his name to His Majesty for approval.

68.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions  
Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 70

Ottawa, December 31, 1938

Your telegram No. 67, December 12th<sup>2</sup> and my telegram December 20th,<sup>2</sup> regarding recognition of Désy as Minister to Belgium and The Netherlands. Much embarrassment has resulted here as a consequence of delay in obtain-

<sup>1</sup> Voir Décret du Conseil C.P. 3225, 22 décembre 1938.

<sup>2</sup> See Order in Council P.C. 3225, December 22, 1938.

<sup>3</sup> Non reproduits/not printed.



ing replies and I should greatly appreciate anything you could do to expedite an answer. We received approval from French Government ten days ago.<sup>1</sup>

W. L. MACKENZIE KING

69.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 1

London, January 2, 1939

IMPORTANT. Your telegram 31st December, No. 70. Agréments to appoint Désy as Minister to Belgium and to The Netherlands have now been obtained.

70.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 1

Ottawa, January 3, 1939

His Majesty's Government in Canada request that His Majesty be humbly moved to appoint Mr. Jean Désy, K.C., as His Majesty's Envoy Extraordinary and Minister Plenipotentiary for Canada in Belgium and in The Netherlands and to issue necessary Letters of Credence.

It is requested that documents be forwarded to Canadian Legation in Paris.

71.

*Le secrétaire d'État aux Affaires extérieures*  
*au chargé d'affaires en France*  
*Secretary of State for External Affairs*  
*to Chargé d'Affaires in France*

TELEGRAM 3

Ottawa, January 14, 1939

Following for Désy from Skelton begins: Thanks for information regarding position as to Luxemburg. It is quite true it is usual for many countries to accredit Minister to Belgium and Luxemburg at the same time. There is, however, no obligation to do so nor is there any reason why question of accrediting same Minister to Luxemburg could not be considered at a later date. Under circumstances we do not think advisable you should defer presentation of your credentials to Belgium when received. Ends.

<sup>1</sup> À la nomination du colonel Georges P. Vanier au poste de ministre en France à la suite de la démission de M. Philippe Roy.

To the appointment of Colonel Georges P. Vanier to succeed the retiring M. Philippe Roy as Minister in France.

72.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

INTERVIEW WITH SIR GERALD CAMPBELL

*Laurier House, 11.30 a.m.-12. noon (March 4, 1939)*1. *Re High Commissioner from and to Ireland.*

Sir Gerald Campbell called at 11.30. He said that he had received a communication from Sir Edward Hardinge to the effect that Lord Devonshire and DeValera had been having interviews in regard to the relations of England and Ireland. That DeValera had wanted the recognition of the whole of Ireland but that Devonshire had told him that the matter of union of two parts of Ireland was something for the Irish to work out for themselves. That he, however, might help to construct a bridge toward that end by being prepared to appoint a High Commissioner from England to Eire. (Dulanty, so Sir Gerald said, had been doing very good and helpful work in London.)

DeValera had said he would prefer, in the first place, to appoint a High Commissioner to Canada. (This, Sir Gerald thought, was intended as means of asserting his independence.) Devonshire thought it would be helpful to the situation if we would agree to appoint a High Commissioner to Ireland. He, Sir Gerald, knew from what I had said that we had had the matter under consideration. I told him he was right in this, and also that we had very much in mind making an appointment of the kind, and certainly if it would be helpful in relations between different parts of the British Commonwealth, I would be only too glad to take the matter up with double interest from that point of view. I said that DeValera would be coming here at the time of visiting the New York Fair, and I thought the best time would be to discuss the matter with him at that time, and I felt sure that were he to propose sending a High Commissioner here, we would agree at once to accepting him and appointing a High Commissioner to Ireland in return . . . .

73.

*Mémorandum*<sup>2</sup>*Memorandum*<sup>2</sup>

March 6, 1939

MR. TREMBLAY'S RESOLUTION<sup>3</sup>

The presentation of Mr. Tremblay's resolution serves a good purpose in inviting attention to a matter which is of interest to public opinion in Canada.

<sup>1</sup> Premier ministre à O. D. Skelton/Prime Minister to O. D. Skelton.

<sup>2</sup> De/by L. Beaudry.

<sup>3</sup> *Procès-Verbaux de la Chambre des communes*, 12 janvier 1939, p. v:

«Que de l'avis de cette Chambre, le Canada devrait avoir ses propres consuls dans les principaux centres commerciaux du monde.»

*Votes and Proceedings of the House of Commons*, January 12, 1939, p. iv:

"That, in the opinion of this House, Canada should have her own consuls in the principal commercial centres of the world."

He may be congratulated for the manner in which he has discussed the subject. The principle which lies in the substance of this resolution seems to be commendable and this opportunity may be seized to consider certain aspects of the situation relating to it from the practical standpoint as seen in the light of consideration already given to the matter by the authorities concerned.

From this standpoint, it may be said generally that the desirability or advisability of establishing Canadian consulates at points where it would be altogether natural to have them is not to be doubted. There might first be mentioned certain capitals in which Canadian Legations have been created. Consular work—reference will be made later on to this phase—is different from diplomatic activities, but it may be regarded, in practice, as forming an essential connection with the work performed in foreign countries by the diplomatic services. To illustrate this point, it may be stated that our Legations in Washington, Paris and Tokyo have, already for several years, issued passports and renewals of passports. As everyone is aware, this is essentially a matter which, according to practice in almost every country, falls within the various classes of consular duties. According to the nature of things as they should be, this kind of duty should be performed by a consular officer whose signature as such should be affixed to the passport issued or renewed. This is only one example but it shows that, for the Canadian citizen who seeks travelling facilities in Paris or Tokyo, the first thought is to apply to the Legation of his country where he expects to find a competent officer who will give him such facilities. It is common knowledge that many countries exercising the right of diplomatic representation abroad have consulates attached, so to speak, to their Legations in the capitals in which many of the citizens of these countries sojourn. Not infrequently, in such cases, are the consular officers, diplomatic officers as well. This is the case for the United States Legation at Ottawa. Some thought, therefore, has been given to the question of following this practice.

There is also much force in what can be said for Canadian consulates in particular business or shipping centres in which offices of this nature may be required. Trade and shipping are two important parts of the comprehensive field of duties universally assigned to consular services. As regards the trade aspect, however, Canada has been well served by the able and efficiently trained officers whom the Department of Trade and Commerce has established abroad as Canadian Government Trade Commissioners and who have greatly contributed to make Canada's commercial opportunities better known in the countries in which they are stationed and to bring the commercial opportunities of these countries to the notice of the Canadian authorities. This efficient organization, of which the Department of Trade and Commerce may well be proud, has filled a gap which, for many years in the absence of any other Canadian representatives of this kind, would have been badly felt without them in Canada's trade. In this respect, not only have they been hard-working and deserving pioneers, but they have also proved their

particular usefulness in this respect for years to come. If Canadian consulates are to be created in various places, according to the requirements as they may appear essential, whether or to what extent the Government should draw on some of these experienced men in the field of trade to assist in creating a nucleus of a consular service to meet the immediate or future necessities is a matter for further examination as far as the present Government is concerned.

The practical necessities to be considered in working out any sound plan for a consular service are conditional upon the analysis which should be made of the range of duties of consular officers abroad. When one speaks of consuls as constituting probably the most ancient system of representation in foreign lands, this is meant to connote the great variety of functions which this institution has been called upon to perform through centuries of experience, and the particular technique of its own which has emerged from such a long and active practice of the institution throughout the world.

In this connection, it will be useful to refer to the duties of British consular officers whose good offices on behalf of Canadian interests abroad cannot be overestimated. In this respect one cannot speak too highly of the experience, ability and devotion to duty of these men stationed in all parts of the world, whose services are invaluable to the United Kingdom and the British Commonwealth of Nations and to whom Canada owes so much for all that they have done and continue to do at the request of her authorities.

The duties of British consular officers are as follows:

1. Trade and Commerce.

British consular officers perform many of the functions performed in the Canadian Government service by trade commissioners and commercial attachés.

2. Assistance to the Royal Navy.

3. Assistance to the Merchant Marine.

Consular officers have a general duty to assist masters of merchant vessels, in addition to extensive duties under the Merchant Shipping Acts. They also keep registers of British shipping, and report on British and foreign merchant shipping entering and clearing from the ports of their district.

4. Reports.

Consular officers report on occurrence of certain diseases, imposition of quarantine restrictions, outbreak of cattle diseases (in certain countries), violations of anti-slavery treaties, conditions approaching slavery, etc.

#### 5. Protection.

Consular officers uphold the rights and interests of British subjects, making representations, if need be, in the appropriate official quarters.

#### 6. Repatriation of Distressed British Subjects.

#### 7. Care of Property.

Consular officers have certain duties with regard to the care of the property of British subjects, especially that of deceased subjects, and the administration of estates.

#### 8. Passports, Visas, etc.

Consular officers may in certain circumstances issue passports, visas and certificates of nationality.

#### 9. Registers.

Consular officers keep registers of British subjects and protected persons living in their district, and of the births and deaths of such persons.

#### 10. Marriages.

Consular officers are empowered by warrants issued under the authority of a statute and an Order in Council to perform marriages of persons both of whom are British subjects or one of whom is a British subject.

#### 11. Taking of Evidence and Service of Documents.

Subject to the local law, consular officers may take evidence or serve documents under the authority of a court order or other instrument.

#### 12. Administration of Oaths, etc.

British consular officers are empowered by various statutes to administer any oath to, or to take any affidavit or affirmation from, any person or persons whomsoever, and to do and perform all and every notarial acts or act which any notary public could or might be required, and is by law empowered, to do.

In the performance of these functions, British Consuls are guided by sets of well defined instructions which have taken years to develop and to adapt to changing conditions. The instructions governing the performance of marriages abroad read like a comprehensive code of regulations. No one who has occasion to glance at these regulations can fail to realize how expedient it is that we should be prepared to give our Consular officers when they are to be appointed definite and detailed instructions for their guidance as to what they can or cannot do before they assume their many responsibilities.

Reference to these aspects is made for the purpose of pointing out the multitude of tasks fulfilled by these officers and the care which is taken to regulate the fulfilment of their tasks.

Another aspect which is of no less importance must be borne in mind and relates to the question of ensuring that these instructions are based on sound legal authority. There is no doubt that consular appointments could now be made, subject of course to the procedure in this regard being carefully determined, and that the performance of some of the consular duties already described could appropriately be entrusted, under the existing law, to competent men with reasonable grounds to believe that they would discharge these duties satisfactorily, provided instructions in this connection were prepared for them. It can at once be seen, however, that this would be putting forward only a half baked proposition and would, in practice, offer disadvantages at the very outset. For instance, the appointed consul could issue passports, make trade reports and exercise a few other activities which would be useful to Canadians abroad, but there are other functions which to perform he would have, under the law as it now stands, only a dubious authority or perhaps no legal authority at all. In such cases, he would be bound to refer the applicants to the British consul. We cannot start our consular service on one leg.

This point cannot be too strongly emphasized if it is earnestly desired to create a well equipped institution of this nature. In such important matters as the solemnization of marriage, assistance to the Merchant Marine, taking of evidence and service of documents, administration of oaths, and possibly registration of births and deaths, there is a whole field of survey to be made which requires a long and meticulous study to ascertain what a consul appointed by Canada could legally do, the classes of subject which he could not now claim to deal with, and what legislation should be enacted to empower him to treat these subject matters. These investigations, from the very nature of the subjects just referred to, are bound to be extensive and to require much care and time. Only when this work has been done and the necessary legislation has been passed does it seem that we could proceed to the establishment of a Canadian consular service with a reasonable assurance of giving it a secure foundation. It should be added that the drafting of instructions as already referred to, which must be in accord with the results of these investigations and should not precede them—if we are not to put the cart before the horse—will not be a mean task either.

All these aspects have received some consideration from the authorities concerned from time to time. The great bulk of the spade work which I have mentioned still remains to be done.

From these remarks it may be stated that while the spirit of the resolution is substantially concurred in, it would not be feasible to take immediate action in order to comply with it. It is intended, however, that further attention should be devoted to the whole question in continuation of the consideration already given to it.

74.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

March 10, 1939

## DIPLOMATIC AND HIGH COMMISSIONER APPOINTMENTS

I understand Council does not consider it advisable to ask Parliament this Session to provide for any additional Canadian legations in South America or elsewhere, or additional High Commissioners. [except to Ireland]<sup>2</sup>

There are a number of collateral questions that require consideration arising out of proposals by other governments to send representatives to Canada.

1. *Irish Free State*

The Irish Free State is again raising the question of the appointment of a High Commissioner to Canada. The United Kingdom has indicated it would be helpful to the situation if we should agree to appoint a High Commissioner to Ireland. Council has concluded that while we might agree to receive an Irish representative and to appoint a Canadian representative to Dublin in return, this decision can best be made when Mr. de Valera is here. [preferably—if desired sooner could be arranged]<sup>2</sup>

A cable was sent Mr. Massey to ascertain Mr. de Valera's plans. A reply has just been received (both attached).<sup>3</sup>

Attached is also a draft reply<sup>3</sup> to Walshe's enquiry regarding the appointment of John Hearne. It is quite possible they will like to have the matter settled before June for purposes of estimates or of making their arrangements with Great Britain, but if so they can say so in their reply.

2. *Brazil*

You will recall that last May the British High Commissioner's Office informed us that the Brazilian Minister of Foreign Affairs had discussed with the British Ambassador the question of how the Canadian Government would view the suggestion, were it made, for the creation of a Brazilian Legation in Canada. In conversation with the Canadian Government Trade Commissioner at Rio a member of the Brazilian State Department put the question somewhat differently, namely the possibility of an exchange of Ministers. The Brazilian idea was that failing any individual arrangement Canada might perhaps appoint a Minister for Eastern South America, i.e., Argentina, Uruguay, Paraguay and Brazil, "with of course headquarters in Rio". Sir Gerald Campbell spoke about this again in September and was asked to inform the British Ambassador that the Canadian Government had received

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

<sup>2</sup> Commentaire entre crochets par W. L. Mackenzie King.

<sup>3</sup> Comment in square brackets by W. L. Mackenzie King.

\* Non reproduits/not printed.

the proposal with interest but that they had not yet had an opportunity of completing their examination of the question of further development of the Canadian Diplomatic Service on a reciprocal basis.

A reciprocal arrangement being out of the question for the present, the point is what reply we should make to the Brazilian proposal to establish a Legation here. [*say reciprocal arrangement not possible at present but Canadian government quite prepared to have Brazilian Legislation established in Canada if so desired by Brazilian government—with, however, no undertaking or understanding as to when Canadian Legation to be established in Brazil*]<sup>1</sup>

### 3. Haiti

Some weeks ago Sir Herbert Marler stated that the Haitian Minister in Washington called on him and informed him that his Government desired to accredit a Minister Plenipotentiary to Ottawa by means of accrediting the same Minister as served in Washington. The Government of Haiti would adopt an office in Ottawa, which in the main would be directed by a Charge d'Affaires. The Minister himself would spend some time in Canada. This, it was understood, was more or less the plan adopted by Canada in respect to the Legations in Belgium and the Netherlands.

Sir Herbert was informed that the question would be given early consideration. For Sir Herbert's information it was stated that in the event of extending diplomatic services to one or two countries in Latin America, it was probable that it would be desired so far as Canada was concerned, to make the first appointments in larger countries; also that the implication that the suggested arrangement was parallel to Canada's arrangements as regards Belgium and the Netherlands was not well-founded, as it was definitely understood that the Canadian Minister's time would be equally divided between the Belgian and the Netherlands legations.

A few weeks later an article appeared in *LE DROIT* of Ottawa, stating that the Haitian Republic was to open a permanent legation shortly under the same Minister as at Washington, and that the legation would be under the direction of Philippe Cantave, who had already been named Chargé d'Affaires. Mr. Cantave, I understand, is President of the Canada-Haiti Export and Import Company of Montreal.

The first question is whether we should or should not indicate our willingness to receive a Minister from this Republic. In the event of the Government wishing to decide to do so, the second question would be whether we should agree to the appointment of the Washington Minister on the understanding he would spend only a few weeks of the year in Canada. We have several times in the past refused similar arrangements. We could not object to any country appointing a single Minister for the two countries, if he would divide his time approximately equally between the two.

<sup>1</sup> Commentaire entre crochets par W. L. Mackenzie King.  
Comment in square brackets by W. L. Mackenzie King.



While accepting a Minister from another country does not necessarily involve a commitment to send a Minister in return, still that is the general practice and at least creates a popular assumption that reciprocal action will be taken sometime. For that reason the Government has never been very keen on receiving a Minister from any country to which there was no likelihood for some years to come of our sending a Minister in return.

#### 4. Norway

Attached is a letter<sup>1</sup> from the Norwegian Consul-General in Montreal Daniel Steen, in which he suggests the desirability, from his standpoint, of establishing a Norwegian Legation in Canada. As he says, it is purely a personal suggestion. The question has not been raised by his Government. It would be difficult to receive a Norwegian Legation or to have a Canadian Legation in Norway without making similar or possibly combined arrangements with the other Scandinavian countries.

#### 75.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures d'Irlande*

*Secretary of State for External Affairs  
to Irish Minister for External Affairs*

TELEGRAM

Ottawa, April 15, 1939

PERSONAL. For Walshe from Skelton. Begins: My telegram 13th March.<sup>1</sup> We understand there is some possibility that Mr. de Valera will not now be likely to visit Canada on the occasion of his visit to New York. The Prime Minister therefore has instructed me to let you know that the Canadian Government will be prepared at any time to receive a High Commissioner from Dublin and expect to be able to make a reciprocal appointment later on, though not possible to arrange for this at present session of Parliament.

#### 76.

*Le secrétaire, Gouverneur général au sous-secrétaire d'État  
aux Affaires extérieures*

*Secretary to Governor General to Under-Secretary of State  
for External Affairs*

Quebec, July 7, 1939

Dear Doctor Skelton,

I have seen reports in the Press that a High Commissioner for Eire is to be appointed to Canada. As we have had no official information on the subject, am I right assuming that this is just newspaper gossip?

Yours very sincerely,

A. S. REDFERN

<sup>1</sup>Non reproduits/not printed.

77.

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire, Gouverneur général*

*Under-Secretary of State for External Affairs  
to Secretary to Governor-General*

Ottawa, July 11, 1939

Dear Sir Shuldham,

I have your note of July 7th, regarding the report of an Irish High Commissioner being appointed to Canada.

You may recall there was some discussion in the spring of Mr. de Valera coming to Canada early this summer, after a visit to New York, and that he then indicated his wish to discuss with the Prime Minister the possibility of an exchange of High Commissioners. When the international situation deferred Mr. de Valera's visit, Dublin raised the question by cable in June, toward the end of the Royal Tour, and Mr. King telegraphed in reply that the appointment of an Irish High Commissioner this summer would be quite acceptable and that the Government would recommend to Parliament at its next session the appointment of a Canadian High Commissioner to Dublin. This will probably also entail the recommendation of the appointment of a Canadian High Commissioner to South Africa. Australia some few years ago rejected a Canadian suggestion for exchange of High Commissioners, but now that they have decided to establish a Diplomatic Service, beginning with Ministers in the United States and Japan, it is possible their objection to the appointment of Dominion High Commissioners will also disappear.

I understand, very confidentially, that the arrangement for the exchange of High Commissioners between Dublin and Ottawa was a preliminary to the acceptance of a British High Commissioner in Dublin.

The Irish Government have announced that Mr. John J. Hearne, Legal Adviser to the Department of External Affairs, will be appointed High Commissioner in Ottawa. We have no definite word yet as to when he will arrive.

Yours sincerely,

O. D. SKELTON

78.

*Le ministre des Affaires extérieures d'Irlande au secrétaire d'État  
aux Affaires extérieures*

*Irish Minister for External Affairs to Secretary of State  
for External Affairs*

DESPATCH 17

Dublin, July 31, 1939

Sir,

I have the honour to inform you that the Government of Ireland have been pleased to appoint Mr. John Joseph Hearne, Senior Counsel, to be

High Commissioner for Ireland in Canada. They feel sure that the exchange of representatives between Canada and Ireland initiated by this appointment will serve to foster the friendly relations which have always existed between the two countries, and they have no doubt that in the discharge of his mission Mr. Hearne may rely upon the co-operation and assistance of the Canadian Government.

2. A brief biographical note of Mr. Hearne is enclosed.

3. Mr. Hearne will arrive at Montreal on the "Duchess of Bedford" on the 18th August. He will be accompanied by his family.

I have etc.

EAMON DE VALERA

79.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures d'Irlande*

*Secretary of State for External Affairs  
to Irish Minister for External Affairs*

DESPATCH 4

Ottawa, August 11, 1939

Sir,

I have the honour to acknowledge the receipt of your despatch No. 17 of 31st July, 1939, informing me that the Government of Ireland have been pleased to appoint Mr. John Joseph Hearne to be High Commissioner for Ireland in Canada.

The Government of Canada welcome this appointment and desire to assure you that in the despatch of his mission Mr. Hearne will receive the cooperation and assistance of the Canadian Government.

The Government of Canada share the belief expressed in your despatch that the exchange of representatives between Canada and Ireland, initiated by Mr. Hearne's appointment, will serve to foster the friendly relations which have always existed between our two countries.

I thank you for sending me the brief biographical note of Mr. Hearne.

I note that Mr. Hearne will arrive at Montreal on board SS. Duchess of Bedford on August 18th and that he will be accompanied by the members of his family. Arrangements have been made for the extension to them of appropriate courtesies and facilities on arrival.

I have etc.

LAURENT BEAUDRY for the . . .

## PARTIE 5/PART 5

UTILISATION DES SERVICES DIPLOMATIQUES  
ET CONSULAIRES DE GRANDE-BRETAGNE<sup>1</sup>USE OF BRITISH DIPLOMATIC  
AND CONSULAR SERVICES<sup>1</sup>

80.

*Le secrétaire d'État aux Affaires extérieures  
au ministre de Grande-Bretagne en Hongrie<sup>2</sup>**Secretary of State for External Affairs  
to British Minister in Hungary<sup>2</sup>*

Ottawa, September 30, 1938

Sir,

I have the honour to inform you that I have been requested to transmit, on behalf of the Directors of the Royal Agricultural Winter Fair, Toronto, an invitation to the Government of Hungary to send a Military Team to participate in the competitions for horses to be held at the Fair from November 15th to 23rd inclusive, 1938.

The invitation includes a maximum of four Officers (minimum three), four orderlies and eight horses. I am informed by the Directors of the Fair that arrangements have been made this year similar to arrangements in previous years for the expenses of the Teams participating in the National Horse Show at New York and in the Royal Agricultural Winter Fair, Toronto, to be shared by these organizations.

I should be grateful if you would convey the invitation of the Directors of the Royal Agricultural Winter Fair to the Government of Hungary and inform me in due course, in the event of an acceptance, of the names of the Officers, orderlies and horses included in the team.

I have etc.

O. D. SKELTON for the . . .

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au consul général de Grande-Bretagne à Mexico**Acting Under-Secretary of State for External Affairs  
to British Consul General in Mexico City*

Ottawa, October 19, 1938

Sir,

I have the honour to inform you that I have been requested to transmit, on behalf of the Directors of the Royal Agricultural Winter Fair, Toronto,

<sup>1</sup> Voir aussi chapitre IV, partie 3b./see also Chapter IV, Part 3b.

<sup>2</sup> Des messages semblables furent expédiés aux représentants de Grande-Bretagne au Chili et à Cuba.

Similar messages sent to British representatives in Chile and Cuba.

an invitation to the Government of Mexico to send a Military Team to participate in the competitions for horses to be held at the Fair from November 15th to 23rd inclusive, 1938.

The invitation includes a maximum of four Officers (minimum three), four orderlies and eight horses. I am informed by the Directors of the Fair that arrangements have been made this year similar to arrangements in previous years for the expenses of the Teams participating in the National Horse Show at New York and in the Royal Agricultural Winter Fair, Toronto, to be shared by these organisations.

I should be grateful if you would convey the invitation of the Directors of the Royal Agricultural Winter Fair to the Government of Mexico and inform me in due course, in the event of an acceptance, of the names of the Officers, orderlies and horses included in the team.

I have etc.

J. E. READ

82.

*Le consul général par intérim de Grande-Bretagne à Mexico  
au secrétaire d'État par intérim aux Affaires extérieures*

*Acting British Consul General in Mexico City  
to Acting Secretary of State for External Affairs*

TELEGRAM

Mexico City, October 28, 1938

With reference to your letters of October 6<sup>1</sup> and October 19, in view of suspension of Diplomatic relations, matter was referred to Foreign Office who have informed me that it is under consideration and that I should refrain from action for time being.<sup>2</sup>

83.

*Mé morandum*<sup>3</sup>

*Memorandum*<sup>3</sup>

October 31, 1938

...

Mr. Mason of the British High Commissioner's Office came to see me this afternoon . . .

The High Commissioner's Office have been advised by London that from information received from the Acting British Consul-General in

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> La note suivante était écrite sur ce télégramme:

The following note was written on this telegram:

"No action by us. The Mexican team is now in N.Y. and will enter with others.

file

W. H. M[EASURES]"

<sup>3</sup> De/by L. Beaudry.

Mexico<sup>1</sup> a day or two ago, the Canadian authorities recently requested him to transmit, on behalf of the Directors of the Royal Agricultural Winter Fair, Toronto, an invitation to the Government of Mexico to send a military team to participate in the Fair from November 15th to 23rd, 1938. The British authorities are enquiring whether the Canadian authorities will be prepared to withdraw this request, as the sending of the invitation in question might prove embarrassing.

Mr. Mason is anxious to have an early reply on this point . . . .

84.

*Mémorandum*<sup>2</sup>*Memorandum*<sup>2</sup>

November 1, 1938

## CANADIAN VIEWS AS CONVEYED TO BRITISH HIGH COMMISSION

We appreciate the position as described by you and would not wish to cause an embarrassing situation for your Government. On the other hand, the following facts must be borne in mind. The Mexican team are already in New York as a consequence of invitation to attend the National Horse Show, New York, and unofficial approaches have been made direct to them to come to Toronto. Furthermore, it is well known that it is also customary to transmit invitation through us. If transmission is not made at this stage, the omission would likely create a diplomatic incident. It does not seem advisable to allow this to arise under the circumstances. It would be almost impossible to justify a refusal to transmit an invitation of this nature, particularly at this stage. We believe therefore that transmission should be made.

We could now request the Mexican Consular Officer at Montreal to make the transmission, but we had thought it would be preferable to have transmission made by the British Consular Officer in Mexico City, and we wrote to him.

We should be glad if the British authorities would consider the facts already mentioned and in view of the circumstances consider whether they would be prepared to instruct the British Consul-General to transmit the invitation as requested by us.

<sup>1</sup> Le Mexique rappela son ministre, de Londres, le 14 mai 1938 en protestation contre l'attitude de la Grande-Bretagne à l'égard de l'expropriation des compagnies de pétrole étrangères, et plus particulièrement à la suite de la note d'un ton acerbe que lui avait remise le gouvernement de Grande-Bretagne. Londres rappela son ministre le même jour. Les deux légations furent fermées et des agents consulaires s'occupèrent des immeubles. Par la suite, le ministre du Danemark fut chargé de la protection des intérêts de la Grande-Bretagne au Mexique.

Mexico recalled her Minister in London on May 14th, 1938 in response to the British attitude over the Mexican expropriation of foreign oil companies, and especially over a sharp note from the British to the Mexican government. On the same day Britain recalled her Minister in Mexico City. Both embassies were closed down, with consular officers placed in charge of the property. The Danish Minister in Mexico took over British interests.

<sup>2</sup> De/by L. Beaudry.

We should be obliged to be advised as soon as possible as some correspondence is being exchanged on this Winter Fair, and the Fair authorities assume that the usual steps for transmission have been taken.

I may also say that, on the 6th October, we informed the British Consul-General at Mexico City that the Canadian Government had been requested to extend, through the Mexican Government, an invitation to the Mexican Branch of the International Hospital Association to be represented at the Sixth Biennial Congress of that Association to be held in Toronto in September, 1939, etc. We could also request the Mexican Consular Officer at Montreal to make the transmission.

85.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

November 4, 1938

TORONTO WINTER FAIR INVITATION TO MEXICAN TEAM THROUGH  
BRITISH CONSULAR OFFICER, MEXICO CITY

Mr. Paul Mason of the British High Commissioner's Office, telephoned this morning to say that, with regard to the transmission by the British Consular Officer in Mexico City of the invitation to participate in the Toronto Winter Fair (Mexican Team), the British authorities, to whom our verbal representations to Mr. Mason had been communicated, decided to instruct the Acting British Consul-General at Mexico City to send the invitation to the Mexican authorities.

86.

*Le ministre des Relations extérieures du Mexique  
au ministre du Danemark au Mexique*

*Mexican Minister of External Relations  
to Danish Minister in Mexico*

No. 511875

Mexico City, November 29, 1938

Monsieur le Ministre,

I have the honour to refer to Your Excellency's communication of the 24th instant, in which you extended an invitation to the Government of Mexico on behalf of the Ministry of Foreign Affairs at Ottawa, Canada, to send a team to participate in the equestrian competitions which were held at the Royal Agricultural Winter Fair from November 15th to 23rd inclusive.

<sup>1</sup> De/by L. Beaudry.

I take this opportunity to inform Your Excellency that the Ministry of National Defence immediately issued the necessary orders to our Military Team which was in New York so that it should take part in the above-mentioned competitions.

I avail etc.

EDUARDO HAY

PARTIE 6 / PART 6

PRIVILÈGES DIPLOMATIQUES

DIPLOMATIC PRIVILEGES

87.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 114

Ottawa, January 7, 1936

Sir,

I have the honor to request your consideration of the possible extension, on a reciprocal basis, of free entry privileges to clerks and other subordinate employees of my Legation. I have been informed that the Secretary of the Treasury of the United States would have no objection to extending to Canadian clerks and employees of the Canadian Legation at Washington, who are Canadian nationals, the privilege of importing articles for their personal use free of duty on a basis of reciprocity, provided they are not engaged in any private occupation for gain, and on the understanding that no article the importation of which is prohibited by the laws of the United States shall be imported by them.

I should be happy to receive from you an indication as to whether your Government would be willing to enter into an understanding extending such privileges under the conditions mentioned.

I avail etc.

NORMAN ARMOUR

88.

*Le chargé d'affaires par intérim des États-Unis*  
*au secrétaire d'État aux Affaires extérieures*  
*United States Chargé d'Affaires ad interim*  
*to Secretary of State for External Affairs*

No. 733

Ottawa, June 24, 1938

Sir,

I have the honor to refer to the Legation's note No. 687 of May 3, 1938,<sup>1</sup> and to previous correspondence concerning the possible extension, on a reci-

<sup>1</sup> Non reproduite/not printed.



procal basis, of free entry privileges to United States consular officers, trade commissioners and assistant trade commissioners, clerks and other subordinate employees of the Legation, and certain other officials.

It would be greatly appreciated if you would be kind enough to advise the Legation as to whether there are any further developments in regard to the matter under discussion.

Accept etc.

JOHN FARR SIMMONS

89.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires par intérim des États-Unis*

*Secretary of State for External Affairs  
to United States Chargé d'Affaires ad interim*

No. 92

Ottawa, July 5, 1938

Sir,

I have the honour to refer to your Note No. 733 of June 24th, 1938, concerning the possible extension, on a reciprocal basis, of free entry privileges to United States consular officers, trade commissioners and assistant trade commissioners, clerks and other subordinate employees of the Legation, and certain other officials.

This matter and the larger subject of which it is a part have been under consideration by this Department for some time. In view, however, of the complexity of the questions involved, further consideration will be required. I shall not fail to communicate with you as soon as I am in a position to give a more definite reply.

Accept etc.

O. D. SKELTON for the . . .

PARTIE 7/PART 7

CONSULS ENNEMIS<sup>1</sup>

ENEMY CONSULS<sup>1</sup>

90.

*Mémorandum<sup>2</sup>*

*Memorandum<sup>2</sup>*

SECRET

August 23, 1939

Arising out of the plan for the precautionary detention on the outbreak of war of nationals of enemy countries resident in Canada, the Royal Canadian Mounted Police have asked for a ruling as to what the position in that contingency would be of

(a) Consular Officers de carrière.

<sup>1</sup> Voir chapitre VI, partie 2 et chapitre VII pour des documents additionnels relatifs aux consuls d'Allemagne.

See Chapter VI, Part 2 and Chapter VII for further documents on German Consuls.

<sup>2</sup> De/by N. A. Robertson.

(b) Consular Agents and Pro-Consuls whose national status is that of the country they represent.

(c) Consular representatives not de carrière of British or other nationality.

(d) Members of Consular staffs, whether of Canadian or foreign nationality.

The Royal Canadian Mounted Police assume that recognized consular representatives will be handed their passports on the outbreak of war and allowed to depart without examination of or interference with their records or official papers. They do not know quite what the position would be under international law of the other categories in respect of whom inquiry is made.

There are grounds for believing that at least one Consul de carrière has been setting up in Canada an organization which would attempt sabotage, etc., in the event of war. From the Police point of view there is a great deal to be said for arresting this person and examining his effects before permitting him to leave the country. They would, therefore, be glad to learn if there would be any sanction in international usage for taking such action in an individual case.

91.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

August 31, 1939

CANADIAN ATTITUDE TOWARDS CONSULAR OFFICERS OF ENEMY COUNTRY  
IN CASE OF WAR

1. In 1914

(a) On the 6th August, 1914, *German Consular Officers of career in Canada* were advised as follows by Sir Joseph Pope:

In accordance with instructions received by His Royal Highness the Governor General and by direction of the Government of Canada, I am to inform you that all German Consuls must leave Canada forthwith. A Consulate clerk or other unofficial representative may be left to arrange the personal affairs of the Consul. You are requested to leave the Dominion within forty-eight hours of the receipt of this telegram, and the stay of your unofficial representative must not exceed one week.

(b) On the same date, Consular Officers of Germany who were *Canadian citizens* were advised as follows:

I am directed to inform you that, in consequence of war having broken out between Great Britain and Germany, your office as German Consul at has terminated and it is no longer permitted to you to exercise any function as such Consul.

<sup>1</sup>L. Beaudry à/to O. D. Skelton.

(c) The Chief Commissioner of Dominion Police was kept informed of action taken as in (a) and (b) above.

2. If war breaks out and Canada is at war, the question of taking similar action, *mutatis mutandis*, will arise.

*Important:* As may be seen, the question whether Canada is at war may become a practical and urgent one with respect to certain foreign consuls.

92.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

[n.d., 1939]

ENEMY CONSULS—OUTBREAK OF WAR

*I Outbreak of war and state of war in Canada*

(a) Enemy Consuls would be permitted to leave, and a special pass would be issued to them.

(b) If, however, it is decided to make our action dependent upon the British reciprocal arrangement (for British Consuls in enemy countries), enemy consuls would be permitted to leave (and a pass issued) only if and when we are advised by the British Government that reciprocity is granted by the enemy countries to British consuls.

*II Outbreak of war and intermediate period of no definite state of war in Canada*

(a) Enemy consuls would be permitted to leave, but no pass would be issued to them (since there would be no state of war).

(b) Should they, or any of them, await state of war in Canada before deciding to leave, action would be taken as indicated in I (a) or (b) as the case may be.

*III Certain aspects of situation under I and II*

(a) As the law of the land in criminal matters is applicable to foreign consuls, whether in peace or in time of war, we might take it that a warrant of arrest or a warrant of search could be issued against an enemy consul suspected of being engaged in activities relating to sabotage, and the Police might be advised at once of this view on the understanding that no action in this regard against an enemy consul could be taken without consultation in advance with External Affairs.

(b) In no case, should the archives of an enemy consulate (which according to the usual practice, will be sealed and entrusted by the consul to a neutral consulate), be touched. The Police should be advised at once.

<sup>1</sup> De/by L. Beaudry.

(c) Arrangements might be made with Immigration and the Police to have the baggage of enemy consuls (particularly any one suspected of having been engaged in sabotage activities) examined on their departure. Special authority would be required to do this.

#### IV Procedure under I (a) and II (a)

(a) Pass would be issued to (i) career consuls, (ii) honorary consuls of enemy nationality, and possibly, as a matter of courtesy, attachés, consular secretaries, chancellors of enemy nationality (unless we decide to treat them as employees.)

(b) honorary consuls and consular agents of British nationality would be informed that their office has terminated and that they are not permitted to exercise any function as honorary consuls, etc. of the enemy country.

(c) employees might be treated as aliens. (We expect information on this point).

#### V Procedure under I (b)

The procedure would be either police or internment. (We expect information on this point).

### PARTIE 8 / PART 8

#### SUJETS DIVERS

#### MISCELLANEOUS

93.

*Le consul général de Suisse au sous-secrétaire d'État  
aux Affaires extérieures*

*Swiss Consul General to Under-Secretary of State  
for External Affairs*

Montréal, le 28 février 1936

Monsieur le Sous-Secrétaire d'État,

Le gouvernement suisse, que le meurtre de Wilhelm Gustloff, chef des organisations nationales-socialistes allemandes en Suisse, place de nouveau en face de problèmes délicats, attacherait un prix tout particulier à être renseigné sur l'attitude des pouvoirs publics dans d'autres pays à l'endroit des associations et formations nazistes qui y sont établies. J'ai, dès lors, l'honneur de recourir à vos extrêmes bons offices en vue d'obtenir quelques informations sur les expériences qui peuvent avoir été faites au Canada dans ce domaine.

A plusieurs reprises, les autorités suisses ont été amenées à examiner la question de savoir si et jusqu'à quel point elles pouvaient tolérer la pré-

sence et l'activité des organisations nationales-socialistes sur sol suisse. Fidèle à ses traditions libérales et à sa conception des lois de l'hospitalité, le gouvernement suisse a estimé qu'il n'y avait pas lieu pour lui d'empêcher les ressortissants allemands établis en Suisse de cultiver entre eux leur idéologie sociale et politique aussi longtemps que ces manifestations n'atteignaient pas le public suisse, qu'elles ne présentaient aucun caractère abusif et qu'elles évitaient toute apparence d'immixtion dans la vie publique du pays et toute forme de prosélytisme dans les milieux suisses. En raison du nombre élevé des citoyens allemands établis en Suisse, le gouvernement suisse verrait plutôt un avantage à ce que les associations nazistes subsistent ouvertement et exercent leur activité en plein jour et sous un certain contrôle. Si ces groupements étaient dissous, il serait à craindre que leur activité prît un caractère illégal et clandestin, dont les conséquences seraient plus graves.

En portant ce qui précède à votre connaissance, je me permets de vous prier de me faire connaître quelles sont les principes généraux qui guident le gouvernement du Dominion dans l'attitude qu'il adopte vis-à-vis des groupements de nationaux-socialistes allemands qui existent sans doute au Canada aussi et quelles sont les mesures de surveillance et de police qu'il applique, le cas échéant, à ces associations.

Veuillez agréer etc.

G. JACCARD

94.

*Le consul général de Suisse au sous-secrétaire d'État  
aux Affaires extérieures*

*Swiss Consul General to Under-Secretary of State  
for External Affairs*

Montréal, le 18 mars 1936

Monsieur le Sous-Secrétaire d'État,

Pour faire suite à ma note du 28 février vous exposant la position prise par le gouvernement suisse à l'endroit des organisations nationales-socialistes allemandes en Suisse, j'ai l'honneur de vous faire savoir que le Conseil fédéral a été amené, consécutivement au décès de W. Gustloff, à supprimer la direction centrale et les directions locales des groupes nationaux-socialistes allemands sur tout le territoire suisse.

Les raisons qui ont conduit le gouvernement suisse à prendre ces mesures sont les suivantes.

La législation allemande confère aux groupements nazis le caractère de personnes du droit public et, par conséquent, en fait des organes publics. Les groupements nazis établis à l'étranger et qui sont en relations intimes avec les premiers, jouissent par la force des choses d'un caractère officiel

aux yeux des autorités allemandes, bien qu'ils ne puissent avoir que celui d'associations du droit privé d'après le droit du pays étranger où ils ont leur siège. Les événements, en Allemagne, qui ont suivi la mort de Wilhelm Gustloff, ont montré aussi que le chef des organisations nazis en Suisse occupait une situation éminemment officielle en Allemagne, cependant qu'en Suisse il ne pouvait être traité autrement que comme une personne privée. Pour éviter le retour de cet état de choses plein d'anomalies et susceptible de conduire à des incidents de nature à compromettre les bonnes relations entre la Suisse et l'Allemagne, le Conseil fédéral a cru devoir empêcher que le poste de chef des nazis en Suisse (Landesgruppenleiter) ne fût repourvu et il a pris en conséquence la mesure rappelée plus haut.

Je saisis cette occasion pour vous renouveler l'expression du désir du gouvernement suisse de connaître les principes directifs suivis par le gouvernement du Canada pour régler son attitude à l'endroit de l'organisation et de l'activité des organisations nationales-socialistes allemandes qui existent très probablement au Canada aussi.

Veillez agréer etc.

G. JACCARD

95.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 21, 1936

The following conclusions may perhaps be drawn from the consideration of the practice of the Canadian Government and of the British and Foreign Governments in respect to Canadian representation at Imperial and International Conferences over the period under consideration:

1. *Invitations*

(a) *Imperial Conferences*

When these Conferences are convened by the British Government or held under the auspices of that Government, invitations to attend are customarily addressed to the Secretary of State for External Affairs by the Secretary of State for the Dominions.

When the invitation is issued by another Dominion it is addressed by the Secretary of State for External Affairs of that Dominion to the Secretary of State for External Affairs.

When Conferences are held by private organizations, Canadian participation is commonly requested through the High Commissioner's Office in London

<sup>1</sup> De/by C. S. A. Ritchie.

which refers the invitation to the Department of External Affairs. In the case of the Imperial Social Hygiene Congress, however, it may be noted that the invitation was addressed to the Secretary of State.

(b) *International Conferences*

The practice of Foreign Governments, International organizations and private organizations meeting on foreign soil and inviting the presence of representatives of the Canadian Government at Conferences has varied considerably in the course of the past year. The following methods of issuing invitations have all in turn been employed:

(1) In countries in which Canada has diplomatic representation (e.g. France) it is customary for the Foreign Government to address the invitation to the Canadian Minister resident in its capital who refers it for the consideration of the Department of External Affairs.

An alternative practice is sometimes followed, thus the Administrative Committee of the International Committee on Weights and Measures which met under the auspices of the French Government addressed its invitation to the Department of External Affairs through the French Minister in Ottawa.

(2) In countries where Canada has no diplomatic representation three alternative practices are followed:

(i) The British Minister in that country is requested to transmit the invitation to the Department of External Affairs. This practice was followed by the Government of Chile in inviting Canadian attendance at the Labour Conference of American States.

(ii) The diplomatic representative in London of the State convening the Conference may address himself to the Secretary of State for the Dominions and request him to transmit the invitation to the Canadian Government.

(iii) The Consular representative in Canada of the convening Government may issue the invitation to the Secretary of State for External Affairs.

In the case of the International Entomological Conference held under the auspices of the Spanish Government two of these methods were employed simultaneously. The Spanish Consul General invited participation in a despatch addressed to the Department of External Affairs and the Spanish Ambassador in London requested the Dominions [Office] to transmit a similar invitation to the Department of External Affairs.

In the cases studied, with two exceptions, invitations have been addressed to the Secretary of State for External Affairs and not to any other Government Department or individual Government official. The exceptions are the invitation to attend the Imperial Social Hygiene Congress which was addressed by the Secretary General of the Social Hygiene Council to the Secretary of State and the invitation to attend the International Meteorological Conference. In

this case invitations were issued direct by the Secretariat of the Conference to its members. The Director of the Canadian Meteorological Service was an ex officio member of the Conference and received a direct invitation.

#### *Selection of Canadian Representatives*

The customary method of selecting representatives of the Canadian Government to attend Imperial and International Conference[s] seems clearly established by the cases under consideration. When the Department of External Affairs has received an invitation inviting the participation of the Canadian Government in a Conference it is customary to refer this invitation to the interested Government Departments for their consideration. The Departments then nominate representatives from among the members of their staff or in some cases suggest the names of suitable representatives who are not members of their own staffs. In the case of Conferences held in the United Kingdom or in France, it is frequently suggested that in the former case the Canadian High Commissioner in London and in the latter case the Canadian Minister in Paris should represent the Canadian Government. The nominations advocated by the Government Departments specially interested in the Conference are normally accepted by the Department of External Affairs.

On occasions when the Conference deals rather with major problems affecting foreign policy than with technical or special questions, the Canadian representative is formally appointed by Order-in-Council.

#### *Credentials*

There does not appear to be any general rule in the matter of granting credentials to the representatives of the Canadian Government attending Conferences abroad. It is usual, however, for the Secretary of State for External Affairs to address a letter to the Canadian delegate informing him of his appointment and authorizing him to represent Canada at the Conference but in many of the cases recorded above no such credentials appear to have been issued.

#### *Expenses of Delegates*

The information on our files is insufficient to permit of any general statement on this matter. It appears, however, to be customary for the expenses of the delegates belonging to Government Departments to be paid by the Department to which the delegate is attached. This does not appear to be a hard and fast arrangement as in some cases an Order-in-Council is passed to provide for these expenses. Thus when two officials of the Department of the Interior attended the Imperial Forestry Conference, an Order-in-Council was passed granting them living allowance while absent from Canada engaged in the business of the Conference.



On some occasions as, for example, the London Naval Conference of 1930, the expenses of the Canadian delegation were borne by a special allotment made by the Treasury Board out of the General Unforeseen Contingencies Fund administered through the Department of Finance.

96.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général de Suisse*

*Under-Secretary of State for External Affairs  
to Swiss Consul General*

Ottawa, June 12, 1936

Sir,

I have the honour to refer to your Notes of February 28th and March 18th relative to the position taken by the Swiss Government with regard to German national-socialist organizations in Switzerland and enquiring concerning the attitude of the Canadian Government in respect to similar organizations in the Dominion.

In reply I may say that any such Nazi organizations which may be in existence in Canada are conducted in conformity with the laws of the Dominion so that their activities have not been brought to the attention of the Government and, as a consequence, there exists no official disposition to regulate their operations.

The only Dominion Legislation on the broad field of regulations of associations seeking governmental, industrial, or economic changes appears as Section 98 of the Criminal Code (Chap. 36, Revised Statutes of Canada, 1927), the relative part of which reads:

Any association, organization, society or corporation, whose professed purpose or one of whose purposes is to bring about any governmental, industrial or economic change within Canada by use of force, violence or physical injury to person or property, or by threats of such injury, or which teaches, advocates, advises or defends the use of force, violence, terrorism, or physical injury to person or property, or threats of such injury, in order to accomplish such change, or for any other purpose, or which shall by any means prosecute or pursue such purpose or professed purpose, or shall so teach, advocate, advise, or defend, shall be an unlawful association.

In 1934 the Legislature of the Province of Manitoba passed an act to amend the Libel Act (Statutes of Manitoba, 1934, Ch. 23), a copy of which I append hereto.

I have etc.

O. D. SKELTON

97.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

CONFIDENTIAL

October 14, 1936

APPRECIATION OF CANADA'S OBLIGATIONS WITH RESPECT TO THE  
 MAINTENANCE OF NEUTRALITY, IN EVENT OF A WAR BETWEEN  
 THE UNITED STATES OF AMERICA AND JAPAN

. . .

*The Canadian Problem*

12. It is not proposed, in this paper, to attempt any detailed discussion of the possible courses of action open to the belligerents in a war between Japan and the United States. It will be sufficient to observe that in such a war it will be the object of each Power to inflict as much damage as possible on the trade, lines of communication and territories of the other. As a result an active struggle for the mastery of the Pacific is to be expected. This struggle will certainly involve attempts by both Powers to deny the waters of the North Pacific to the opponent's mercantile marine, and may involve Japanese operations against American bases such as Bremerton in Puget Sound. It is in connection with these phases of probable belligerent activities that the problem of Canadian neutrality will be most affected. The scope of this memorandum will therefore be limited to:

(a) An examination of the possible action of the belligerents on, or adjacent to, the West Coast of Canada, and the manner in which such activities might lead to infringements of Canadian neutrality.

(b) An examination of possible interpretations of the rules of neutrality in connection with such infringements, which will affect the fulfilment by Canada of the obligations mentioned in para. 4(b).

In considering the Canadian problem it has been assumed that Canada's object, above all others, must be to maintain friendly relations with the United States, and that consequently she must be prepared to interpret the Rules of Neutrality so as to make all concessions to that Power which are consistent with the maintenance of her status as a Sovereign State. It has not, however, been forgotten that friendly relations with Japan are also important, especially as war with Japan might involve other parts of the British Empire.

*The Canadian West Coast*

13. The Canadian West Coast extends for about 550 miles, from the Portland Canal in the North to the Straits of Juan de Fuca in the South. The entire coast is ice free throughout the year. To the North the Coast is shielded for 180 miles by the Queen Charlotte Islands, separated from the Mainland

<sup>1</sup> De l'État-major général/by the General Staff.

by Hecate Strait which has an average width of 60 miles. Opposite the Southern half of the Coast lies Vancouver Island, 300 miles in length, and much closer to the mainland than the Queen Charlotte group, the Straits separating it from the mainland being enclosed waters in the fullest sense of the term.

14. The coast line and the outlying islands are sparsely populated and some of the remoter small centres are without means of rapid communication. The country is mountainous and generally covered with forest. The coast is dotted with islands of varying size, and the coasts of the mainland, and of the main islands have innumerable indentations, many of which penetrate far inland and afford excellent refuges and hiding places. Most of the area is very indifferently mapped.

15. The relation of the Canadian West Coast to the remainder of the territories which bound the North Pacific can best be grasped by examining a globe. It will be observed that the coast line lies closely adjacent to the Great Circle Route between the Northwestern United States and Japan, and even closer to the route between the United States and its outlying possessions, Alaska and the Aleutians. Thus a ship sailing from Seattle or Vancouver and following the shortest route to any of the great Far Eastern ports (Yokohama, Shanghai, Hong Kong, Manila or Singapore) skirts the coast of Vancouver Island, and passes within sight of the Aleutians. Appendix II<sup>1</sup> shows a table of some important distances in the vicinity of the Canadian West Coast.

*Examination of the Dangers of Infringements of  
Canadian Neutrality by Sea*

*Japanese Naval Activities*

16. It is improbable that the main Japanese fleet, or any large portion of it will move into the Eastern Pacific in the early stages of the war, or that Japan will make any effort to seize and hold a base, either in Canadian or American territory. It is, however, most probable that Japan will attempt to harass the United States West Coastal trade, and interfere with communications between United States and Alaska and the Aleutians. Raids directed against United States bases such as Bremerton might also be attempted, and certain mining operations might be undertaken.

*(a) Raiding and Commerce Destruction*

The relative probability of the employment of various types of naval craft which might be used in such operations may be summarized as follows:

- |  |               |
|--|---------------|
| (i) Submarines .....   | most probable |
| (ii) Armed merchant ships or disguised raiders (possibly<br>carrying aircraft) ..... | probable      |
| (iii) Capital ships .....  | improbable    |
| (iv) Aircraft carriers or cruisers .....   | remote        |

<sup>1</sup> Non reproduit/not printed.

Raiding and commerce destroying activities will be made much more effective by the possession of sheltered anchorages and harbours to effect refuelling, repairs, etc. and to provide refuges from searching or pursuing enemy vessels. The Canadian West Coast provides many such anchorages and shelters, and the temptation to Japan to infringe Canadian neutrality in this respect will be very great. It is most important also to note that, whether the Japanese do, or do not, infringe Canadian neutrality in the manner indicated, it is certain that numerous stories and rumours will be circulated to the effect that they are doing so. Consequently, it will be of the greatest importance to reassure United States authorities and United States public opinion that all possible measures are being taken to prevent such acts. It will also be essential to insure investigation of allegations thereof and to state clearly the Canadian position with respect to obligations of neutrality.

*(b) Mining activities*

The water in the Strait of Juan de Fuca and in the vicinity of the focal areas adjacent to this strait and to the Columbia river (Wash.) is too deep for mining operations. Conditions in Dixon Entrance and Hecate Strait are, however, favourable to mining, and the Japanese might undertake such operations in those waters to limit their use by United States shipping.

*United States Activities*

17. It is probable that before embarking on any major naval operations in the Western Pacific, the United States will be compelled to establish an advanced base in the Aleutians. The line of communication to such a base would pass close to the Canadian coast and there would be much movement of shipping along it, accompanied by intensive patrolling as a protective measure. There is no reason to suppose that United States warships would attempt deliberately to infringe Canadian neutrality except in the event of failure of the Canadian authorities adequately to deal with Japanese infringements, under which circumstances it is quite possible that the United States authorities would become sufficiently exasperated to decide to reinforce existing inadequate Canadian measures themselves.

18. Cases may well occur of warships or merchant ships of either belligerent being forced by stress of weather, or by enemy action to take refuge in Canadian ports or territorial waters. Some of the complications which such cases might cause will be dealt with later.

*Examination of the Dangers of Infringement of Canadian  
Neutrality in the Air*

*Japanese Activities*

19. Japanese air activities in the North Eastern Pacific are likely to be closely linked with their naval activities discussed above. Air action may be directed against American West Coastal trade, Line of Communication to

Alaska, bases on the West Coast or against large American cities such as Seattle, Portland or San Francisco. There are, as already stated, many sheltered areas on the Canadian coast from which large seaplanes or flying boats might be operated, supplies being furnished by merchant vessels.

#### *United States Activities*

20. It is plain that Canadian territory, lying as it does, directly between continental United States and Alaska would, in time of war, present a serious obstacle to free air communication between these territories. Thus undoubtedly there would be a temptation to the United States to fly over Canadian territory. It is notable in this connection, that during combined naval and air exercises in the North Eastern Pacific American military and naval aircraft have in the past on occasion used the Canadian route with the permission of the Canadian Government. Requests for such permission have steadily increased in frequency and there is a distinct danger that, if permission is too readily granted, the practice will develop into a habit. If it is permitted so to become habitual in peace the resulting inconvenience to the U.S.A. when it is forbidden in war will be increased.

#### *Examination of the Dangers of Infringement of Canadian Neutrality by Land*

#### *Japanese Activities*

21. It is not considered that there is any danger of large Japanese forces landing in Canada for the purpose of operating against the United States. Neither is it probable that Japan will attempt forcibly to seize a site for a naval or air base in Canada from which to conduct operations. In any case, either of the above events would be tantamount to a Declaration of War on Canada and would thus produce a situation outside the scope of this paper.

#### *United States Activities*

22. The United States has a powerful and well equipped army, and it is most important to note that, in a war with Japan, this army will probably find little scope for its powers, at any rate during the initial stages of the war. Compared to its sister service, the navy, it is certain at first to be relatively inactive, and this enforced inactivity will be far from acceptable to army authorities. In para. 16 (a) reference has already been made to the rumours and reports which are certain to be circulated in the United States concerning alleged Japanese infringements of Canadian neutrality. If adequate measures are not taken by Canadian authorities to allay United States public anxiety in this regard, and especially if any authentic cases of Japanese infringements, however minor, do occur it is quite probable that United States army authorities, chafing at their inactivity, will bring great pressure to bear on the Government at Washington to permit them to take action themselves to supplement alleged Canadian inadequacies. Such action

might involve the occupation of important points on the Canadian coast by United States land forces, especially such points as might be of use to the powerful, and steadily growing, army air corps. As Canada is, for practical purposes, incapable of resisting such a United States invasion there would be no course open except the humiliating one of accepting the violation of her sovereign rights. For this reason it is of paramount importance to ensure that the United States Administration is given no basis in fact which would allow it to cite Canadian laxity in enforcing neutrality as an excuse to invade Canada.

*Examination of Rules of Neutrality which require special consideration in their application by Canada*

*Juan de Fuca Strait*

23. The first problem where difficulty may be encountered in applying the existing accepted Rules of Neutrality is in connection with Juan de Fuca Strait. This strait has a width of from approximately twelve to twenty miles. The Treaty of 1846 places the boundary between Canada and the United States along the median line of the strait. The result of this treaty is that between the median line and the internationally recognized three mile limit of territorial waters there is, on the Canadian side, a strip of water some seventy miles long and varying in width from three to seven miles, the status of which is very debatable as will be shown. In connection with this debatable strip the following points should be noted:

(a) Under the treaty of 1846 the navigation of the whole of Juan de Fuca Strait is to remain free and open to both parties (i.e. Canada and the United States).

(b) The treaty of 1846 being a bilateral agreement, Japan may refuse to recognize it as conferring territorial status on the strip in question and may insist on regarding this strip as a part of the High Seas.

24. With respect to Juan de Fuca Strait two courses are open to the Canadian Government:

(a) To declare that Canada stands by the treaty of 1846 absolutely, and that therefore she regards all the water of the Strait up to the median line as Canadian territorial water, but that she recognizes the right of United States warships to the "free and open" navigation of the Strait allowed by the treaty. If this course is adopted various complications would most probably ensue:

(i) Japanese warships entering or leaving Victoria or Vancouver would be able to navigate the Strait on the Canadian side [*sic*], right up to its inner end, claiming Canadian hospitality under the rules of neutrality in so doing. As long as such ships abided by these rules Canada would have no right under international law to stop them, for Article 10 of the Thirteenth Hague Convention expressly states that "The neutrality of a Power is not affected by the mere passage through its territorial waters of warships or prizes belonging to belligerents." This freedom of action for Japanese warships would allow them

unmolested access to a point within seventy miles of such important objectives as Bremerton, whence they might break out of Canadian jurisdiction for the purposes of attacking United States shipping or other objectives. If an incident of this nature occurred it would unquestionably anger the United States, which would claim that Canada had not taken adequate steps to protect her neutrality. The United States administration, urged by popular outcry, and possibly by military authorities, might demand the right to protect their own interests in the Strait, and if Canada refused might be so aroused as to threaten to violate Canadian neutrality. Canada would then have to choose between war with Japan or a humiliating renunciation of sovereign rights to the United States.

(ii) Moreover, there would be constant risk that Japanese warships, navigating the Canadian side of the Straits, and hence under Canadian jurisdiction, might encounter United States warships on the Canadian side as allowed by the treaty of 1846. Under such circumstances there would be a great temptation for each to attack the other. If the United States ship were the aggressor the United States would have committed a serious breach of neutrality—namely, attacking, in Canadian waters, a ship of a Power with which Canada was at peace. Canada would have no recourse except to protest, and if necessary, act to defend the sovereign right she had claimed. There would thus be a risk of a serious dispute with the United States. On the other hand, if the Japanese ship were the aggressor, even though Japan justified her action as in para. 23(b) above, from the Canadian standpoint such action would have to be regarded as a breach of neutrality by Japan. The United States would most probably act as in (i) above and thus, in this case also, there would be a clash with both belligerents, Canada, as in (i) above, being faced with the alternatives of war with Japan or a renunciation of sovereign rights to the United States.

(iii) It must be noted also that, in event of a clash between opposing warships in the Strait it would, in practice, frequently be difficult if not impossible to determine which was the actual aggressor. The United States would almost certainly invariably claim that the Japanese ship was the aggressor and subsequently would act towards Canada accordingly. It is therefore apparent that in view of the navigational privilege permitted to United States warships under the 1846 Treaty the maintenance of Canadian sovereignty up to the median line during the war under discussion will be an exceedingly difficult and dangerous course, with grave possibilities of Canada being unwillingly forced into war with Japan to avoid a serious clash with the United States, and possible invasion by the latter.

(b) Canada might declare that, for the duration of the war, her jurisdiction in the Juan de Fuca Strait is, for neutral purposes, to be confined to the three mile limit.

(i) Japan, not being a signatory to the Treaty of 1846, could scarcely protest such a declaration.

(ii) From a purely local strategical aspect such a declaration would give the United States complete freedom of action for her warships in the waters of the whole strait up to the three mile limit. In this respect it might be expected to be more acceptable to United States naval authorities than would the prospect of having so large a strip of debatable water so close to their coast.

(iii) To Canada the declaration would mean a nominal renunciation of jurisdiction over a strip of water which the United States is, in any case, free to navigate, and a corresponding reduction in Canadian neutrality commitments and responsibilities.

(iv) It remains to consider the purely political and wider strategical aspects of such a declaration. If the United States accepted it the position of Canada

as a neutral would undoubtedly be considerably eased. It is true that incidents such as described in (a)(i) and (ii) above might still occur within the three mile limit, but this is a risk which any neutral must be prepared to assume in any case. It cannot be avoided, and in protesting to either belligerent, or in taking forcible action to defend Canadian sovereignty up to that limit, Canada would unquestionably have the backing of international law and usage. It is possible, however, that the United States might refuse to recognize the declaration, and might insist that Canada abide by the letter of the 1846 Treaty and maintain sovereignty up to the median line. The United States would be well aware of the difficult position as outlined in (a) above, into which this attitude would force Canada. As there would seem to be no reason for the attitude from the local strategical standpoint (see (b)(ii) above), it could only be based on ulterior motives not connected with the Strait itself. These motives could be nothing else than a desire to obtain, in any event, control over the West Coast of Canada as forming a serious obstacle in the way of free United States communications. If the United States adopts this policy, and is prepared to push it to the limit as Germany did vis-à-vis Belgium in 1914, Canada will find herself in the same position as Belgium was at that time, and will not be able to avoid becoming involved in the war in any case, for the United States will find the excuse she desires no matter what action Canada takes. As far as the Juan de Fuca Strait is concerned, if Canada attempts to renounce her sovereignty over the water of the Strait the United States will invoke the treaty of 1846 and refuse to allow it, and thereafter will use the first alleged breach of neutrality by Japan as an excuse to accuse Canada of failing to defend her neutrality and so giving the United States a reason for invading Canada. Canada will be in a dilemma analogous to the famous "Morton's Fork".

25. To summarize: The provision in the treaty of 1846 which gives the United States free and open navigation of the water of the Strait, and the fact that the treaty is a bilateral one only, introduces such complications into the problem of maintaining Canadian sovereignty up to the median line of the Strait in time of the war under discussion that it is doubtful if it would be practicable to attempt to do so.

If, however, the United States insists that Canada must maintain sovereignty up to the median line, such insistence will most probably be based, not on local strategical reasons, but on a definite political and strategical policy to obtain control of the Canadian West coast. In this event Canada is almost certain to be involved in the war on one side or the other.

*Waters off the West Coast of Canada other than Juan de Fuca Strait*

26. The award of the Alaskan Boundary Tribunal of 1903 prolonged the boundary line between Canada and the United States to Cape Muzon on Dall Island. It might be maintained that this decision, on the analogy of the Treaty of 1846 with respect to Juan de Fuca Strait, divided the waters North and South of this line into United States and Canadian territorial water respectively. It is doubtful if this claim could be substantiated in international law, for if carried to its logical conclusion it would imply that the United States has no territorial water whatever south of Cape Muzon, which is absurd. Furthermore, there does not seem to be any other body of water anywhere in the world with characteristics similar to Dixon Entrance and



Hecate Strait over which any state has ever claimed jurisdiction. For example, the Irish Sea has always been admitted by Great Britain to be part of the High Seas, and the Skagerrak and Kattegat are not claimed as territorial waters by the States bordering them. It seems probable that the Boundary Tribunal drew the line as indicated merely for the purpose of indicating ownership of the islands off the coast. With regard to all waters off the West Coast other than Juan de Fuca Strait, it is, moreover, from a strategical viewpoint, desirable that Canadian neutrality commitments shall be no larger than is necessary. The minimum would be the three mile limit commonly recognized by international law and usage. Thus, while it is true that in peace time certain requirements such as customs and fisheries protection, notably in Dixon Entrance and Hecate Strait, may require a wider scope for Canadian jurisdiction, it is suggested that to attempt to maintain such jurisdiction during the war under discussion would be likely to involve Canada in disputes with the belligerents concerning sovereign rights to which she might find it hard to justify her claims in international law.

#### *Belligerent Ships in Canadian Waters*

27. Although the Hague Convention of 1907 was adopted long before the enactment of the Statute of Westminster, it is assumed that its provisions will be adhered to by Canada. It is apparent, however, that some reservations will have to be made with regard to Articles 19 and 20 of the Convention. These articles were referred to in para. 11 (b) (ii) and (iii) above, and deal with the allowable replenishment of supplies and fuel for belligerent war vessels in neutral ports. It is clear that, if adopted as they stand, difficulties will arise in their application in a Japanese-United States war, for while it will not be possible to make any distinction between belligerents with respect to supplies and fuel supplied, the difference in the relative situation of Japanese and United States war vessels in Canadian ports is apparent. The former will be some thousands of miles from a home port, the latter at worst but a few hundred. If it is proposed to adopt either of the alternative systems permitted under Article 19 (i.e. to allow a warship either to take sufficient fuel to reach its home port or sufficient fuel to fill its bunkers) the advantage will always lie with the Japanese vessel. It could obtain in this way fuel (which it might be able to get from no other source) sufficient to permit it to cruise for a long period off the coast, during which time it might do incalculable damage to United States shipping. It might even be possible for a large Japanese ship to obtain in this way sufficient fuel, etc. to enable it to act as "supply" ship to smaller vessels, such as submarines, which could thus be maintained in the area for extended periods, the "supply" ship refuelling in a Canadian port every three months as permitted by Article 20. United States ships would gain no such advantage and the United States would be certain to protest. On the other hand, if it were decided to refuse all facilities to belligerent warships the alternative would be to intern them (as Spain announced her intention of interning submarines during the Great War). This course would probably also meet with strong protests, and it might be difficult to enforce the ruling. It would seem best to

adopt a middle course and lay down a definite scale of allowances of fuel and supplies on a reduced scale, but to be the same for both belligerents.

*Air Sovereignty*

28. As stated in para. 9, Canada adheres to the International Convention on Air Navigation of 1919 which confers on a State complete and exclusive sovereignty over the air space above its territory, but the United States is not a signatory to this Convention. As far as known, however, this principle of air sovereignty has, up to the present, never been disputed, even by those countries, including the United States, which are not signatories to the Convention. On the contrary, the United States has tacitly recognized Canadian Air Sovereignty by concluding a reciprocal agreement with Canada, whereby military aircraft of each country are allowed to fly over certain specified routes across the territory of the other<sup>1</sup> (see Appendix III<sup>2</sup>), and by asking permission of the Canadian Government whenever it has been desired to fly military aircraft over routes not specified in this agreement. It should be noted that the existing agreement (which is subject to annual renewal) does not cover air routes on the Canadian West Coast. It is practically certain that in any war in which the United States was neutral she would strongly insist on the principle of sovereignty in the air as regards her own territory. Nevertheless it is quite possible that, because of the inconvenience which would result from her inability to fly over Canadian territory on the West Coast in the war under discussion, the United States might put forward the fact of her non-recognition of the Air Convention as an excuse to do so. Such action would not be inconsistent with some United States practices in the past when, particularly with respect to sea warfare, she has tended to adopt widely different views according to her status as a neutral or as a belligerent.

29. Should the United States insist on the right to fly over Canadian territory on the West Coast during a war with Japan, an immediate decision would be required of the Canadian authorities. To concede the right would be to repudiate a Convention to which Canada and Japan are adherents and so would, as rendering a service specially useful to one belligerent, be a failure to fulfil the obligation of neutrality set forth in para. 4(b) above. It would also be a renunciation (at the behest of one belligerent) of a Sovereign right which Canada has claimed for seventeen years. The fact that this belligerent would be a close and powerful neighbour with whom Canada has, for generations, been on friendly terms would not seem sufficient justification for such an undignified procedure. It is therefore submitted that in the circumstances Canada would have no recourse but to protest as strongly as possible, and if all protests failed, to take such action as might be possible to maintain her sovereign rights. It is, however, probable that a strong and definite statement by Canada of her intention to protect her sovereign rights, made at the outset would have a considerable deterrent effect on the United States, while failure to take such a stand would be likely to lead to further trouble, for as stated in para. 5 above, a nation which is unwilling

<sup>1</sup> Voir les doc. 471, 472, 473/see docs. 471, 472, 473.

<sup>2</sup>Non reproduit/not printed.

to uphold its sovereign rights cannot command the respect of its neighbours. It should also be noted that the situation with regard to air sovereignty on the outbreak of the war in question would be considerably complicated if in the meantime Canada had extended the above mentioned reciprocal agreement so as to permit United States military aircraft regularly to use the West Coast route to Alaska. (see para. 20).

*Procedure towards Belligerent Military Aircraft*

30. Those aircraft which are to be classed as "military" are defined in Article 31 of the International Convention for Air Navigation. This definition, however, requires careful consideration for it excludes certain State aircraft such as those employed on customs and police duties. Such customs and police aircraft might be armed, and if so, it might be difficult to distinguish them from military aircraft. Article 30, incidentally, intimates that customs and police aircraft might under certain circumstances be treated as military. It is suggested that the term "military aircraft" might be interpreted to mean:

(a) Every aircraft commanded by a person in military service detailed for the purpose.

(b) Every armed aircraft.

31. Cases may occur where:

(a) Military aircraft may be carried on belligerent warships or other ships entering Canadian ports.

(b) Belligerent military aircraft may alight on Canadian territory or territorial waters, either by accident or design.

(c) Disabled belligerent military aircraft, or their crews may drift into Canadian jurisdiction.

(d) Disabled belligerent military aircraft, or their crews, may be rescued on the High Seas and brought into Canadian jurisdiction by:

(i) Belligerent ships.

(ii) Canadian or other neutral ships or aircraft.

32. With regard to (a) it is considered that, if the belligerent ship is a warship and provided that the aircraft do not alight on or leave the ship whilst it is in Canadian waters, the aircraft should be considered as part of the ship and be similarly treated. If the belligerent ship is not a warship the military aircraft should be interned.

33. In the cases of (b) and (c) the action taken by Holland during the Great War provides a precedent for immediate internment of such aircraft and their crews. This procedure would be in accordance with the proposed Rules of Neutrality for air warfare. (See Appendix 1<sup>1</sup>).

34. With regard to (d) (i) it is considered that if the belligerent ship is a warship the aircraft and its crew should be accorded the same treatment

<sup>1</sup> Non reproduit/not printed.

as the ship, while if the ship is not a warship the aircraft and its crew should be interned. In the case of (d) (ii) the only known precedent is the action of Holland, which in such cases interned the aircraft and repatriated the crew. There seems to be no reason why this precedent should not be followed.

*Summary of Possible Interpretations of Various Rules  
of Neutrality*

35. The possible interpretations of the Rules of Neutrality discussed above may be summarized as follows:

(a) *Juan de Fuca Strait*

(i) Because the Treaty of 1846 is a bilateral agreement, and because of the clause permitting United States free and open navigation of the whole Strait, if Canada attempts to stand by the treaty exactly as written and maintain sovereignty over the waters of the Strait up to the median line, there will be serious risk of clashes between opposing belligerent vessels in Canadian waters, and consequent serious disputes with both belligerents which might lead either to war with Japan or to a renunciation of sovereign rights to the United States.

(ii) If Canada decides to restrict her jurisdiction to the three mile limit this course will involve a renunciation of a long standing sovereign right. On the other hand, provided the United States allows it, the course is less likely to involve disputes with either belligerent and the right is one which might, in practice, prove difficult to maintain. If the United States refuses to allow Canada to take this course the refusal is likely to be based on a definite policy of the United States to gain control of the Canadian West Coast. Such a policy pushed to the limit will involve Canada in the war in any event, on one side or the other.

(b) *Waters off West Coast other than Juan de Fuca Strait*

In spite of the award of the Alaskan boundary Tribunal of 1903, which prolongs the International boundary from the mouth of the Portland Canal to Cape Muzon, it is doubtful if Canada can claim jurisdiction over all the water south of this line. To attempt to do so would probably result in disputes with the belligerents and would be a claim difficult to justify in international law. On the other hand, no exception could be taken in law to a claim to jurisdiction up to the three mile limit.

(c) *Belligerent Ships in Canadian Waters*

(i) To abide by the letter of Articles 19 and 20 of the Thirteenth Hague Convention would give Japanese vessels a distinct advantage over United States vessels in refuelling and replenishing supplies. The United States would probably protest.

(ii) To attempt to refuse all hospitality to belligerent warships would involve taking steps to intern them which might be difficult to do in practice.

(iii) A middle course might be adopted, allowing fuel and supplies on a reduced scale, to be the same for both belligerents.

(d) *Air Sovereignty*

Canada, by her adherence to the International Convention for Air Navigation, has claimed, for seventeen years, sovereignty over the air

space above her territory. The United States, while not adhering to the Convention, has tacitly recognized the claim by concluding reciprocal agreements with Canada respecting flying by military and civil aircraft over Canadian and United States territory. Because of the importance of the West Coast Air route in war with Japan the United States might use her non adherence to the Convention as an excuse to fly over Canadian territory. Canada would have no course consistent with her status as a sovereign State except to protest and take such measures as might be possible to prevent United States from doing so. It is suggested that the danger of this situation arising would be lessened:

(i) If Canada made a strong and definite declaration of her determination to protect her sovereign rights in this respect.

(ii) If Canada refrains from extending the existing reciprocal agreement now in force so as to include permission for United States military aircraft to use the Canadian West Coast in peace.

*(e) Definition of Military Aircraft*

It may be difficult to distinguish a purely military aircraft from an armed Customs or Police aircraft. It is suggested "military aircraft" should include:

(i) Every aircraft commanded by a person in military service detailed for the purpose.

(ii) Every armed aircraft.

*(f) Procedure towards Belligerent Military Aircraft*

(i) If military aircraft are carried on belligerent warships entering Canadian jurisdiction, they should be treated as part of the ship.

(ii) If carried on ships other than warships, the aircraft should be interned.

(iii) If disabled belligerent military aircraft alight on Canadian territory or territorial water, or drift on Canadian jurisdiction, they and their crews should be interned.

(iv) If disabled belligerent military aircraft are towed or carried into Canadian jurisdiction by belligerent ships, they should be treated as in (i) and (ii) above.

(v) If towed or carried into Canadian jurisdiction by Canadian or other neutral ships, the aircraft should be interned and the crews repatriated.

98.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 338

Ottawa, November 16, 1936

IMMEDIATE. Part 1. Following is memorandum referred to in Part 2 of this telegram, Begins:

1. The International Fisheries Commission, now operating under the Convention of 1930 between Canada and the United States for the Preservation

of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, have information that the S.S. THORLAND is now outfitting in Oslo in order to undertake shortly a voyage for the purpose of halibut fishing and freezing operations off the coasts of British Columbia and Alaska. This vessel, it is said, is under British registry and previously operated as a "Mother Ship" in halibut fishing in Greenland waters.

2. In view of the past history of the Northern Pacific halibut fishery, and of the experience gained by the International Fisheries Commission, this report, if true, presents the possibility of a very serious situation arising. If fishing expeditions from other countries should invade this area and operate without restriction it would become practically impossible either to maintain the Treaty between Canada and the United States or to preserve this halibut fishery from immediate serious depletion and ultimate commercial extinction.

3. This halibut fishery began to assume importance in the early nineties when reasonable transport facilities from the west coast to the eastern markets became available. The fishing expanded so rapidly that by 1910 the evidence of serious depletion was unmistakable. As the fishing area had to be expanded farther and farther to the north-western high seas, the west coast fishing industry became alarmed, and in 1917 the problem was referred by the Governments of Canada and the United States to an international commission, for study. Upon its recommendation a Treaty was concluded in 1923 providing for an annual close season of three months and a permanent International Fisheries Commission to investigate and report upon further measures for the preservation and development of the fishery.

4. After five years of intensive study the permanent Commission reported that the stocks of halibut had greatly declined, that the production of eggs and young had fallen to a dangerously low level, and that the decline was continuing. Upon its recommendation a new Treaty was concluded in 1930 granting regulatory powers. Under the regulations adopted the main producing portion of the seas was divided into two areas and for each area the quantity of halibut to be taken in any year was specifically limited. Certain areas found to be nurseries for young halibut were closed to all halibut fishing, and the close season was extended.

5. As a result of these regulations the decline in the fishery has ceased and upbuilding has begun. With a view to preventing the glutting of the markets, the fishermen in the different areas have been arranging amongst themselves so to distribute their catches as to cover, as nearly as practicable the whole fishing season.

6. Fishing operations carried on by means of "Mother Ships" despatched from other countries and of a magnitude to endanger this Northern Pacific fishery would seem to be entirely practicable. For example, halibut fishing in Greenland waters has recently been carried on from Great Britain by means of such ships, one or more of them running up to 10,000 tons, which are equipped with freezing and cold storage facilities and which receive their catch not only from accompanying fishing vessels but from small boats whose

fishermen live on the "Mother Ship", the latter remaining on the fishing grounds until a cargo is obtained or the season ends. The Greenland halibut fishery, though thus intensively conducted for only a relatively few years, is already in a seriously depleted condition.

7. Although it was not by any means impracticable for fishermen of other nations to have extended their halibut fishing operations to the areas in question, they have not done so as yet. But should this expedition invade these areas there is substantial reason to believe that other nations would immediately follow suit.

8. In all these circumstances it seems entirely clear that such invasions would mean the end of the Northern Pacific halibut fishery within a measurable future. In the first place, in the face of such invasions it would become impracticable for Canada and the United States any longer effectively to restrain the operations of their fishermen in this region. The operations of all parties, being unrestricted and being more intensive because of the increased competition and the greater numbers engaged, could result only in accelerating the depletion and finally in practical extinction of the fishery. That this would happen seems evident from the history of the fishery to date and the information gathered by the International Fisheries Commission.

End of Part 1, Part 2 follows.<sup>1</sup>

99.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 409

London, November 20, 1936

SECRET. Your telegram of the 16th November, No. 338. I arranged appointment with Secretary of State for Foreign Affairs, in accordance with your instructions, to take place this morning at 11:00 o'clock, this being earliest possible hour convenient to American Ambassador who arranged to see Foreign Secretary with me and make joint representations. I was informed last night that Foreign Secretary, although he was entirely willing to see me or American Ambassador on the matter, felt that he could not accept formal representations from us together because, in his view, this would create a precedent which in the case of other Dominions, and in different circumstances, might prove embarrassing in the future. In view of definite position taken by Foreign Secretary, which came as a complete surprise to me, and in view of fact that there was no possibility of receiving instructions from you before hour of appointment, I had no alternative but to postpone appointment. I then informed American Ambassador that I had done so. However, United States Ambassador having other business

<sup>1</sup> Non reproduite/not printed.

to discuss with Foreign Secretary, kept his appointment and I am now informed left his note on the subject of Halibut Treaty. Unless I receive instructions to the contrary shall make another appointment with the Secretary of State for Foreign Affairs as soon as possible and carry out instructions conveyed in your telegram. Message ends.

MASSEY

100.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

April 13, 1937

APPLICATION INTER SE OF INTERNATIONAL AGREEMENTS  
RELATING TO THE TRAFFIC IN DANGEROUS DRUGS

The Geneva Opium Convention of 1925 and the International Convention for Limiting the Manufacture and Regulating the Distribution of Narcotic Drugs are the chief instruments to be considered. Both were drawn up under the auspices of the League of Nations and take the form of Heads of States Agreements.

The former follows, in its preamble and formal articles, the pre-1926 League usage. The latter conforms to the practice recommended by the Imperial Conference of 1926 for international multilateral conventions to which the members of the British Commonwealth of Nations are, severally, parties. The United Kingdom, Canada, Australia, South Africa, New Zealand, the Irish Free State and India have either ratified or acceded to the Geneva Convention of 1925. This Convention was not signed for Canada and our adherence took the form of accession in 1928. The United Kingdom, Canada, Australia, New Zealand and the Irish Free State have ratified or acceded to the 1931 Convention and its provisions have been extended by declaration of the Government of the United Kingdom to a score of Colonies, Protectorates and territories under His Majesty's Mandate.

These Conventions—and in particular that of 1931—regulate in great detail the international trade in narcotic drugs and impose definite obligations on each subscribing country vis-à-vis the other parties, e.g., drug manufacturing countries undertake not to export narcotic drugs to other countries bound by the Convention unless an order authorizing the import has been previously received from the authorities of the importing country. These arrangements have, so far as Canada is concerned, always been applied equally to imports of drugs from Empire and foreign countries. The licit trade in narcotic drugs between Canada and the United Kingdom is regulated in the same way and is subject to exactly the same controls as is the trade between Canada and France or Canada and Germany. No question of the non-applicability of the Conventions within the Commonwealth has ever arisen and no action has ever been taken, in the sense contemplated by

<sup>1</sup> De/by N. A. Robertson.



the resolution adopted at the 1926 Convention, to declare that the provisions of these Conventions apply inter se. It may further be noted that not only are the obligations of the Convention observed by Canada in respect of imports from the United Kingdom and by the United Kingdom in respect of imports from and exports to Canada, but both countries regularly report fully to the Permanent Central Opium Board and the Opium Advisory Committee respecting the application of the Convention in respect of their trade with each other in dangerous drugs.

It is not without interest that, as a matter of routine administration and without reference to treaty obligations, the Canadian authorities in practice require any exports of narcotic drugs to Jamaica or to Newfoundland to comply with the procedure prescribed by the International Conventions although the provisions of these Conventions have never been extended to either country.

101.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 363

Ottawa, September 3, 1937

IMMEDIATE. CONFIDENTIAL. Following for Mr. Ilsley and Mr. Massey:  
Begins:

1. United Kingdom High Commissioner's Office here inform us confidential discussion proposed September 6th between Eden, MacDonald and Dominion Delegations to Assembly regarding Ethiopia, Sino-Japanese conflict, Spain and Palestine, and have asked Canadian Government to participate. As you are aware we do not approve as general policy holding preliminary discussions in London which might give impression of organizing British Empire bloc policy. There is no objection to meetings in Geneva for exchange of information. It is essential, however, to keep in mind independent position and responsibility of each member of the League in deciding policy, and it is undesirable to rely upon United Kingdom or any other Delegation for such information as Canadian Delegation should be in a position to obtain for itself. Canadian Advisory Office is maintained for purpose of keeping in close touch with the Geneva situation and contacts on part of our delegates with other delegations as opportunity offers are helpful.

2. Under circumstances am replying United Kingdom High Commissioner Canadian Government agree in this instance to discussion in London as suggested if convenient for Mr. Ilsley and High Commissioner.

3. If attending meeting, please advise if any new information or proposals of significance are brought forward which may require our consideration.  
Ends.

102.

*Le Conseiller au sous-secrétaire d'État aux Affaires extérieures*  
*Counsellor to Under-Secretary of State for External Affairs*

[Ottawa] November 21, 1937

CONFIDENTIAL

My dear Skelton,

Many thanks for your note re the telegram<sup>1</sup> to Dandurand. Several times recently I would have liked a word with you but the pressure has been too much (the P.M. and his office have been flinging a variety of things at me—internal).

This telegram grew out of a talk over the phone with the P.M. at Laurier House, who called me up Tuesday morning, a Cabinet discussion under Lapointe Tuesday afternoon, a further phone message from the P.M. Wednesday and a first draft, then I redrafted and he saw me briefly at Laurier House Thursday morning, took the redraft to Council Thursday afternoon and afterwards brought it out to be sent off.

For Tuesday's Cabinet he had Pickering take the Brussels correspondence to Lapointe and news clippings, pointing out especially (a) Dandurand's intervention in the meeting when he took a crack at the Italian and (b) the Scandinavian abstention—both of which points I gathered were upsetting (Personally I thought the Senator unnecessarily forthcoming—perhaps the French influence—and I envied the Scandinavians' position!).

The Senator may think such a blast superfluous. On the face of events in the Far East itself, in Washington (Roosevelt's failure to send any message to Congress last week re the conflict), etc., one can scarcely expect any effective U.S. proposal tomorrow in Brussels. On the other hand, on the official record as we had it, there were Dandurand's various allusions as to what might be proposed. The P.M. thinks the Canadian delegation has been rather casual and uninformative (and I certainly agree with that: 7 or 8 brief messages—I'd hate to see our files exposed to show just how little officially we've had to go on—for with a representative there we get nothing about the Conference through the F.O.).

I agree the non-recognition thing is futile. In some circumstances it might turn out to be worse. This and other mild devices may only by encouragement prolong the actual human devastation. If the authors are certain of what they are betting on—i.e. the capacity of the present ruling regime in China and their capacity to pull the country together on a prolonged anti-Japanese basis they might perhaps propose such devices with a clear conscience. But that doesn't seem the case. But as you say, if the rest must salve their consciences with these things, we'll probably have to climb on the waggon. This doesn't mean you have to "recognize" everything off the bat; but to tie your hands by collective agreement never to face facts is the rub.

<sup>1</sup> Voir le doc. 849/see doc. 849.

I remember the behind-the-scenes discussions at the Washington Conference 1922 between British and Americans. Various people—business interests, missionaries, crackpots—said you must intervene and clean up the bandits, etc. and get China on her feet. The final answer came to this, if you start on that line you assume a responsibility for the governance of the country. You will have to go in with armies of occupation, set up and support an administration of some kind, and you will have to do it in cooperation with Japan, but probably in the end against her. If you are not prepared for something of that order, you are really irresponsible and inhuman in your outlook.

That is the sort of calculation, it seems to me, that all the intervention proposals across the world have to confront. The post-war treatment of Germany—occupation, constant bedevillment etc.—was an analogous thing. Such intervention makes government impossible and hatred certain.

I am glad you mentioned that special angle of the situation as regards the Senator. I noticed his telegram to the L. of N. Society sliding the responsibility for the European and Asiatic mess on to the U.S. failure to join the League. I think the idea itself one of the shakiest things in the world and the utterance of it at this juncture maladroit. I had it in mind to speak to the P.M. (it doesn't seem suitable for a memo), but whenever I've seen him the pressure of his time has been so great I have had to conserve it for the actual things he has sent for me on or wh[ich] I have had to put before him and sometimes even those have been scrimped (Friday, Henry indicated the P.M. was getting stuffy about anyone going to Laurier House from here).

But I will make a try at this if a chance arises.

Besides that, I have a great doubt about this business of an annual "Report" to the L. of N.S. The little junta who run that show and who are getting to be a poorer and poorer lot will begin to think they are Parliament and I should think somebody in Parliament will soon take up this "Report" stunt.

I am very glad to hear you have been on your feet. I hope you will take it easy for a good spell and keep to the house (so far as I am concerned, I could easily go out there anytime you had anything calling for a word with me).

L. C. CHRISTIE

P.S. I headed off Arthur Meighen from a stunt the other day. He spoke to me saying he was going to speak in Cleveland and wanted some ammunition to take a poke at Stimson's book and the charge that the U.K left him on a limb and wouldn't follow him into Manchuria! Personally I don't think Stimson could have taken his country into Manchuria. But I told Meighen also that I understood the F.O. thought it as well to let sleeping dogs lie and that it was for the U.K. to make their own defences. I notice from the papers that he discoursed at Cleveland on the necessity of the U.S. and Canada to fill up their great open spaces with immigrants to fight the dictators!

P.S. Re Brussels vs. Geneva. I feel it will be a very bad business if this thing gets shunted back to Geneva. It will mean more nuisance for us of course. On broader grounds, I feel it will only tend to harden Geneva as a Soviet-French-English alliance against the Berlin-Rome-Tokyo "triangle" and will repel the U.S. even more.

Re refusal of loans: Something perhaps might depend on how it was done. E.g. if done severally by informal tips to bankers it might be different than if done by formal collective agreement and prohibitive legislation or regulations.<sup>1</sup>

Monday, November 22

P.S. Mears has an effusion in this morning's Gazette re U.K.—U.S. and Canada—U.S. trade negotiations. I should think it would do small good in Washington to say loudly that the price to be paid by the U.S. to get into the U.K. market is practically the military defence of the dominions.

L. C. C.

103.

*Mémorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

PERSONAL ONLY

December 30, 1938

WHEAT POLICY

1. In a telegram of December 5th<sup>3</sup> the High Commissioner advised that a meeting of the Wheat Advisory Committee would be held in London on January 10th. In telegrams of the 6th and 7th December he cabled the agenda and a summary prepared by the Secretariat of the proposals that would be submitted for consideration. In a despatch of December 12th he forwarded copies of the United States Ambassador's communication con-voking the meeting and of the official agenda.

2. All these communications were immediately brought to the attention of the Ministers of Trade and Commerce, Finance, Agriculture and Mines and Resources who make up the Cabinet Committee on Wheat Policy. None of them have expressed any opinions as to who should be nominated to represent Canada at this meeting or as to what instructions should be given him. At the moment Messrs. Euler and Crerar are some where in the South and Mr. Gardiner is in Saskatchewan.

3. It is understood that the Prime Minister has been receiving representations from the Prairie Governments and from the farmers' organizations in Western Canada that a member of the Cabinet should represent Canada at this meeting. If time had allowed it the Minister of Agriculture would have

<sup>1</sup> Pour le conflit sino-japonais voir chapitre VI.

See Chapter VI for the Sino-Japanese conflict.

<sup>2</sup> N. A. Robertson au Premier ministre/N. A. Robertson to Prime Minister.

<sup>3</sup> Non reproduit. Voir chapitre IV, partie 2b).

Not printed. See Chapter IV, Part 2b).

been the best man to send. As matters stand the only alternative to relying on the London staff for representation would appear to be to ask McIvor, the Chairman of the Wheat Board to attend. Whether his arrangements and the sailing list at this time of year would permit him to get from Winnipeg to London by January 10th is doubtful.

4. More important than representation are the questions of policy arising out of the Committee's agenda—or, more accurately—out of the fact of the wheat situation. They will have to be faced and some indication of the Government's attitude toward them given our representatives. This is where the existing machinery breaks down. No department, or group of departments, feels responsible for following the development of the international wheat situation and, consequently, none is in a position to submit recommendations regarding policy for consideration by Council. Every six months or so this situation recurs—evasive instructions are improvised—usually in this Department. Our representatives are cautioned to act as "observers", avoid all commitments but maintain a front of Canadian participation in a work that some parts of this country take very seriously (cf. the Winnipeg Conference on Wheat Marketing held this month).

5. It is submitted that responsibility for watching the development of the international wheat situation as a whole should be definitely fixed on some department or group of departments who could supply some kind of secretariat for the Cabinet Wheat Committee, keep them continuously advised of shifting developments that react on Government policies, and help to introduce some elements of continuity and responsibility into our handling of what is probably the most serious single economic problem confronting this country.

104.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

DESPATCH 13

[Geneva] January 12, 1939

Sir,

The appearance of the annual "List of the Permanent Representatives Accredited to the League of Nations" published by the Secretariat provides an occasion for reviewing the current practice of members of the League with respect to the maintenance of diplomatic representation in Geneva. The decline in the authority and importance of the League makes it not improbable that criticism may be directed in Canada against the continuance of this office. I think it desirable, therefore, to submit a report describing the present situation and outlining the considerations of principal importance in assessing the utility of the continued existence of the Permanent Delegation of Canada.

(i) *Existing Practices of Member States*

The list just issued by the Secretariat (of which I am forwarding a copy under separate cover) shows that on 1st January 1939 thirty Member States had permanent delegations with offices in Geneva and two others maintained permanent delegations in Berne. In the first appendix<sup>1</sup> to this despatch will be found a list of these countries arranged on a geographical basis. Six permanent delegations in Switzerland were closed in 1938; they were those of Austria, Chile (which for some reason still appears in the League list), Irak, Nicaragua (on resignation from the League), Poland, and Venezuela (on giving notice of resignation). On the other hand two new Permanent Delegations were opened in Geneva during the year, those of Czechoslovakia and of Cuba. The most important withdrawal was that of Poland, which has long maintained a large and active staff in Geneva; Poland ceased to sit on the Council last September and the former Polish delegate, who continues to act as Polish representative on the Governing Body, has been appointed Minister in Berne.

In addition to the thirty-two permanent delegations with offices in Switzerland, six other countries have accredited officials—generally their Ministers in London—as Permanent Delegates to the League. As they have no office in Geneva for League work these can be disregarded for practical purposes. The Netherlands and Sweden appoint their Ministers in Berne as their Permanent Delegates, both of whom spend much time in Geneva though they have no permanent office here. I have therefore included them with the permanent delegations maintaining offices in Geneva.

The importance of the Permanent Delegations, of course, varies greatly; those which are largest and most active represent States with membership of the Council or Governing Body. Of the thirty-two countries maintaining them twelve are now represented on the Council or on the Governing Body or on both as follows: Bolivia (Council); Canada (G.B.); China (both); Greece (Council); Iran (Council); Latvia (Council); Mexico (G.B.); Norway (G.B.); Peru (Council); Spain (G.B.); Sweden (Council); Yugoslavia (both). Twenty countries, however, which are represented on neither the Governing Body nor on the Council have Permanent Delegations in Switzerland.

There are now forty-nine States which may be described as active members of the League of Nations. Italy, Chile, Venezuela and Salvador, which have given notice of withdrawal, are not included in this total, nor is Ethiopia. Since of these forty-nine thirty have offices in Geneva for League work and two use their Legations in Berne for the same duties, seventeen Member States remain without permanent delegations in Switzerland. These States are also listed in the first appendix to this despatch. Three of them are European Great Powers, the United Kingdom, France and the U.S.S.R., which have developed special methods of liaison with the League. Three are countries with easy access to Geneva, Switzerland, Belgium and Poland. Eight are very small or remote countries with few League interests, such as Siam, Liberia and Luxemburg. The remaining three are the members of the

<sup>1</sup> Non reproduit/not printed.

British Commonwealth (Australia, New Zealand and India) which have no diplomatic services of their own. Some of these seventeen countries use their local consulates for League work, and this practice is followed extensively by non-Member States, especially by the United States of America. The United States Consulate has now a staff of five Foreign Service Officers employed on League work, as well as its ordinary consular staff.

In addition to the countries with Permanent Delegations, four States represented on the Governing Body maintain offices in Geneva exclusively for work connected with the International Labour Organization. These are the United States of America, Brazil, Chile and China, which has an I.L.O. office independent of its Permanent Delegation. The current practice of Governments represented on the Governing Body has a bearing on the question of the utility of Permanent Delegations. Of the eight extra-European Members three have been represented by officers stationed in Geneva for International Labour Office work alone. These are the United States of America, China and Japan until her recent withdrawal. Two, Canada and Mexico, are represented by their Permanent Delegates in Geneva. Two, Brazil and Chile, are represented by their Ministers in Berne. One, India, is represented by its High Commissioner in London. Thus seven out of eight non-European Members have up to the present found it convenient that their representatives on the Governing Body should be resident in Switzerland. Among the European Members two (U.S.S.R. and Italy) no longer attend the sessions; two (Poland and Spain) are represented by their Ministers in Berne; and four (France, the United Kingdom, Norway and Yugoslavia) are normally represented by persons coming specially to Geneva for each meeting.

The preceding analysis of the extent of diplomatic representation for League work shows that a large majority of League States are maintaining permanent delegations in Switzerland. There are more permanent delegations than there are diplomatic missions in the capitals of most intermediate and small countries, and there are as many as there are diplomatic missions in the capitals of some Great Powers; for example, in Tokyo there are now thirty-two Embassies and Legations.

It may be doubted, however, whether the situation as yet reflects the recent abrupt decline in the importance and prestige of the League. I understand that a decision has already been taken by two countries, Roumania and Egypt, to withdraw their Permanent Delegations from Geneva in the near future. The circumstance that Roumania no longer sits on the Council has probably played a part in the Roumanian decision. I think that some other offices may be closed during 1939. The changed positions of Czecho-Slovakia and Hungary in particular might well result in the closing of their Permanent Delegations, even if the rumours of the impending withdrawal of these States from the League are unfounded.

(ii) *The Functions of the Permanent Delegation of Canada*

The practices of other States, while important, are certainly not conclusive in estimating the value of the Canadian office in Geneva. It is necessary also

to consider briefly the utility of the work performed by the office and the possibility of carrying out its necessary functions by other means.

In connection with League meetings one of its chief duties is the preparation of material for use by the Canadian Delegation at the Assembly and participation in the work of the Delegation. If the office did not exist all the preparatory work for the Assembly could undoubtedly be performed in Ottawa, but it would be necessary to send to Geneva a larger delegation than at present, and this would mean an increase in the annual vote for this purpose. This office also represents the Government of Canada each year on a number of League Committees, a function which could be performed by sending representatives specially to Geneva from other Canadian offices in Europe or from Canada. In addition this office assists Canadian members of League Committees who are appointed in their individual capacity, such as Mr. Clark on the Financial Committee, Colonel Sharman on the Advisory Committee on Opium and Miss Whitton on the Social Questions Committee.

If all these duties are properly discharged they can be carried out more efficiently and conveniently by officials stationed in Switzerland who are in constant touch with the Secretariat and with the work of all the League organisations. It is legitimate, however, to ask whether, as matters stand, it is necessary to maintain a high degree of efficiency in connection with a considerable part of the activities of the League. In addition this office follows the proceedings of many League meetings at which Canada is not represented either governmentally or by individual experts. The most important of these meetings are the sessions of the Council, but there are also many others. The utility of the reports submitted on such meetings can only be judged in Ottawa, but they are certainly not indispensable.

If Canada were represented on the Council this office would have a good deal more to do. Under the present system of rotation, however, Canada will not be elected to the Council before 1942 and possibly not until 1945 if the Government of India seeks a seat in the Commonwealth group. The question of the composition of the Council will have to be re-examined this year and there is a strong case for maintaining that the Commonwealth group should secure greater representation. At the next Assembly the abolition or continuance of two provisional non-permanent seats, created in 1936 and now held by China and Latvia, will have to be decided. I think that if these seats are continued it may be possible for Canada to secure election to one of the five seats which would then be filled. As a second appendix<sup>1</sup> I am enclosing an analysis of the present composition of the Council, which shows how disproportionate is the representation of certain groups, in the light both of the frequency of election of States belonging to them and of the volume of their contributions to the League budget. The disappearance of Spain and Poland from semi-permanent seats on the Council has increased the fluidity of its composition. I think an equitable arrangement might be the allocation of three seats to the Commonwealth and "ex-neutral" groups

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<sup>1</sup> Non reproduit/not printed.



together, both of which are now under represented on the Council although providing between them (and paying promptly) over a quarter of the League's income. It may be that in the present state of affairs you consider it preferable that Canada should not serve on the Council. However that may be, the possibilities in this regard are relevant to the subject of this despatch.

Probably not less than half of the work of this office is now concerned with the International Labour Organisation and not with the League. The activities of the International Labour Organisation have not diminished to the same degree as those of the League, though the results of these activities, as expressed in the social legislation and practices of individual countries, have been affected by the withdrawals from the Organisation and by the tenseness of the international situation. Canada furthermore holds a permanent seat on the Governing Body as a State of chief industrial importance. The Governing Body meets four times a year, generally three times in Geneva and once in some other capital. The sessions with their preliminary committee meetings last on the average for a week. Unless Canada follows the example of the U.S.S.R. and fails to send any representative to the Governing Body, it is necessary for the Canadian member to attend all these meetings and also to attend the Labour Conference which occupies practically the entire month of June each year. The Canadian member of the Governing Body must spend not less than two months annually at meetings of the Governing Body, at the Labour Conference, and at other committees on which he represents Canada. This period does not include the time necessary for preparation for these meetings. This office also assists the Canadian Delegation at the Labour Conference in the same manner as the Delegation to the Assembly, and at least two members of its staff normally serve on the Delegation. It carries out duties with respect to I.L.O. Committees and technical conferences similar to those mentioned in connection with League meetings. If it were closed certain of the functions which it now performs would have to be carried out in the Department of Labour, and a larger delegation would have to be sent to the Labour Conference necessitating an increase in the vote for that purpose. Furthermore I think that it would be essential to have as the Canadian member of the Governing Body an official resident in Europe who could devote not less than half his time to work connected with the International Labour Organisation.

In addition to functions concerned with the activities of the League and the International Labour Organisation there are other considerations which must be taken into account in assessing the utility of this office. First, Geneva is commonly regarded as an important post of observation in international affairs. Part of its value in this respect has disappeared in the last year or two, but so long as the foreign ministers of the principal League Powers continue to attend meetings of the Council and the Assembly Geneva will retain a considerable importance as a centre of international politics. Although it is at present difficult for the Canadian observer in Geneva to determine what part of the information he may acquire should be transmitted to the

Canadian Government, that is a matter which can be rectified by better liaison between Ottawa and the Permanent Delegation. Secondly, Geneva still provides a useful point of contact with representatives of a large number of other countries. In addition to contact with the Permanent Delegations in Geneva—contact similar to that with diplomatic missions in national capitals—the number of visiting officials attending League meetings is very large. The importance of Geneva as a centre of international technical collaboration and discussion has been relatively well maintained. Here also, however, it is difficult to evaluate the practical utility in present circumstances of this sort of contact. Thirdly, the Permanent Delegate in Geneva is the only representative of the Canadian Government in Central Europe, and his services can be employed in capacities not directly connected with his duties vis-à-vis the League. Finally there are political considerations to be weighed. Should this office be discontinued the action would be regarded in Canada and abroad as a blow to the League of Nations. This point does not require elaboration.

(iii) *Possible Alternative Courses*

It appears to me that three alternative courses might be pursued with regard to Canadian representation in League affairs. First, this office can be retained on its present basis. Its size and expenditure cannot be much reduced without discontinuing some of its present functions, although, as I have previously reported, it may prove possible to conduct it with a staff of two experienced diplomatic officers. The volume of the technical activities of the League and International Labour Organisation which provide most of its work, has not diminished. There is quite enough work to keep the staff of the office busy, but one frequently feels uncertain whether a good deal of this work is in present circumstances of sufficient value to the Departments concerned with it in Ottawa to warrant its performance.

Secondly, the office could be closed altogether, in which case it would be necessary to arrange for the performance elsewhere of at least a part of the functions now carried out in Geneva. The Departments of External Affairs and Labour would have to execute some of these functions in Ottawa. Others would have to be discharged by the despatch of larger Canadian delegations to the Assembly and Labour Conference. Still others could only be carried out through fairly frequent visits to Geneva by representatives of the Canadian Government. It would in particular be necessary to appoint as Canadian representative on the Governing Body someone who would be free to devote a great part of his time to this work and to visit Geneva continually throughout the year. Should Canada be elected to the Council, the arrangements for Canadian representation at Council meetings would be considerably complicated if there were no Permanent Delegation at the seat of the League.

There is a third alternative which might possess certain advantages. The Permanent Delegation in Geneva might in due course be combined with a Canadian Legation in Berne. This practice is now followed by nine countries (Argentina, Bulgaria, China, Cuba, Estonia, Hungary, Latvia, Netherlands

and Sweden). It is not popular with the Swiss authorities, but they would be unlikely to raise serious objections in view of the precedents already created. It would probably be necessary to maintain small offices in both Berne and Geneva. Should there be a European war it might prove advantageous for Canada to have diplomatic representation in the Central European country most likely to be able to preserve its neutrality. (In such an event it seems to me that the chances favour the rapid disappearance of Permanent Delegations in Geneva during the period of hostilities). Even in peace time Berne may become a better post of observation than Geneva, though I doubt that this is the case as yet.

I make no recommendations or proposals; this report is intended to summarise existing practices and possible future developments. I should emphasize, however, that it is based on the unsafe assumption that the activities and prestige of the League will remain approximately as they are now. Such an assumption is almost certain to be falsified by events. Possibly to complete the analysis I should include a reasoned estimate of the League's prospects. Such an estimate would, however, be extremely hypothetical, and the situation can probably be judged just as well in Ottawa as in Geneva.

I have etc.

H. H. WRONG

105.

*Le secrétaire, le haut commissariat en Grande-Bretagne  
au sous-secrétaire d'État aux Affaires extérieures*

*Secretary, High Commission in Britain  
to Under-Secretary of State for External Affairs*

London, January 19, 1939

Dear Dr. Skelton,

I had hoped to send you a letter last week on the recent session of the Wheat Advisory Committee. As it did not finish, however, until well into Friday night, that was impossible. From our telegrams you will have gathered that at the beginning of the meeting we were in that state of anxious bewilderment felt by a delegation which goes to a conference with no instructions from its government or indications of their views. I hope I will not be considered unduly cynical if I say that this condition is one to which any Canadian official abroad must become accustomed. In most cases this does not make very much difference, because it is not a matter of great moment whether a Canadian delegation agrees or disagrees over the maximum tonnage of battleships, or the nomenclature of causes of death; but when it is a question of the existing wheat situation, it is very difficult indeed for any Canadian representative to occupy in silence that back seat which, we have been often told, is his proper and certainly is his safest position.

Your telegram No. 6<sup>1</sup> lightened the darkness to some extent and made it possible for the Canadian delegation now and again to utter a few well

<sup>1</sup> Non reproduit. Voir chapitre IV, partie 2b.  
Not printed. See Chapter IV, Part 2b.

chosen words. As you will have gathered from the text of the two statements of Mr. Massey's which were sent last week, the line he took was that we were very doubtful whether a conference could do any good; that an unsuccessful conference was worse than none at all; but that if everybody else wanted one we could not very well stand out. I assume that this attitude will commend itself to Ottawa.

On this subject of a conference, there were, I think, three sections of opinion on the committee. First, those who did not care one way or the other, the majority. Secondly, those who wanted a wheat conference and very deliberately set out to ensure that one would be held; and, finally, ourselves. The second group was lead by the Americans, for reasons which were pretty obvious; by Cairns, for reasons which are equally obvious and by Australia, because McDougall loves conferences. Incidentally, McDougall scored a dual triumph at the committee. In addition to the conference which is to be held, he managed to get the committee to insert into its Report to Governments a resolution on his pet subject, nutrition. We must have talked about this particular resolution for three or four hours, at the end of which time it was to me about as meaningless as at the beginning!

The first day of the committee was taken up by a discussion of the Secretariat's report. You will note that this report, if you have had a chance to read it yet, is in Cairn's best dogmatic style. However, all the delegates, including the expert from the International Institute of Agriculture, seemed to accept his figures as fair and conservative, and no one, apart from McDougall and ourselves, objected to his conclusions.

There was an effort made to get the Report accepted at once by the Committee. I had hoped that some delegation might demur at this, as I had managed to block a similar proposal at the previous meeting and felt that the invidious distinction might be passed to someone else this time. As no one spoke, however, and the Report was going through, I had to state, in the absence of the High Commissioner, who had left the meeting a few minutes before, that we could neither approve nor disapprove of the Report in so far as its observations, arguments and conclusions were concerned. Thereupon most of the other delegations took the same view. Apparently, it only needed someone to break the ice. I hope if this committee is to continue to function, that some steps may be taken to clarify the situation in regard to these reports. If the members of the committee are to be called on to discuss the Secretary's Report and pass judgement on it, then we must insist that that Report should be produced in time for the Governments to express their views of it.

In connection with the Report, an amusing incident occurred at the last day's sitting. The Chairman, (Ray Atherton) suggested that as the press were getting it in any case, it might as well be distributed officially. I felt that if this were done the press might not be able to distinguish between the Secretariat's Report and the Committee's Report and wrong impressions might be created. To meet this point it was agreed that when distributed special

emphasis should be laid on the fact that it was the Report of the Secretariat only and not of the committee. Thereupon someone suggested that pages 4 and 5 be torn out before it was given to the press as they included the arguments and conclusions. Whereupon someone else said that if this were done the press would throw the Report into the fire and start hunting for the pages that were torn out. This seemed reasonable enough. Finally, the British delegate made a delightful compromise suggestion, namely, that those pages 4 and 5 be left in, but that they be crossed out with a red pencil and marked "confidential." His argument was that if you marked anything confidential and put the journalist on his honour, you can be certain that he will never let you down. The German delegate who sat beside me snorted contemptuously at this, but the proposal was carried. Not that it made any great difference one way or the other!

This was almost our last argument. The argument ended about 8 o'clock Friday night. We then thought that the proceedings were finished, but just as everyone was rising, the Soviet delegate said he had to make an important statement. This devastating remark was greeted with obvious impatience. I had been watching the three Soviet representatives during the afternoon. They were big, rough, burly fellows, who had previously evinced no particular interest in the proceedings, and no knowledge of either of the languages which were being used. This particular afternoon they had withdrawn into a corner round a little table. I noticed them working feverishly for a couple of hours in the manner of schoolboys over a particularly knotty problem; much biting of pencils, scratching of heads, etc. Apparently during these long hours they had been working on the statement which they sprung on the unsuspecting committee immediately after the vote of thanks to the Chairman. However, we all sat down while one of Stalin's henchmen read in the most curious accent (there was great doubt at first whether he was speaking French or English) substantially the following sentence: "The Soviet delegation approves of the Committee's Report to Government (which had been approved about an hour before) except line . . . of paragraph . . . which should be omitted." (This particular line had been deleted some hours earlier as a result of a suggestion from another delegation.) However, after that little interlude we were allowed to go home.

You will have noticed that the actual proposal to hold a conference is hedged about with certain conditions. Personally I think this very wise, because even from the very desultory discussions that took place last week, one can see grave obstacles in the way of any wheat convention, even if it is desired to try to arrange one.

I am not quite sure myself what is the exact nature of the preparatory committee. Its name implies that it is preparatory to the proposed conference, but as it must report back to the wheat committee, that would seem to make it a sub-committee of that body: but whatever may be its exact status there is no doubt that its deliberations can clarify the situation as to whether a wheat conference is desirable or practicable. I have my doubts about this,

but some of the delegates of the committee who know far more about these things than I do, seem to think it can be held with great benefit to the producers of all countries.

I was interested in the flat refusal of the United Kingdom delegation to give any pledge that they would co-operate in what they called "policing" the agreement. Nor was there the slightest encouragement given to the view that the high cost, uneconomic wheat producers of Europe should decrease their production. My mind goes back to the Sugar Conference when we were asked as a consumer and importer to do the things that these European states flatly refuse to do now. Carlill of the Board of Trade said at one of the meetings that the United Kingdom while it was favourable to a conference and anxious that agreement should be reached, did not desire to be left "holding the baby." Apparently it is the kind of baby that matters. It was not very long ago when Canada was urged at least to help hold a "sugar baby."

You will note that the preparatory committee is supposed to get down to work in a couple of weeks. I hope by that time we will have had complete instructions as to what line we are to take on the various points that will be discussed. Undoubtedly these points will include the various items of the memorandum accompanying the agenda. The specific questions which you asked in your cablegram on those items could not be answered in the committee as a result of our decision to postpone discussion of detailed proposals. However, these and other points of detail can be thrashed out in the preparatory committee.

We are fortunate in having Dr. Allen and Biddulph here as practical wheat experts. It may be that the Government will wish to send somebody from Ottawa to participate in future discussions. My own view however is that with the advice and assistance of the two men mentioned above and with a detailed knowledge of the views and policy of the Government, we would be able to carry on in the preparatory committee without betraying the Government or ruining the country.

I heard from Cairns today that the United States State Department have approved the suggestion that Ray Atherton should preside over the preparatory committee work. There is no doubt that the Americans are anxious to push on with the preliminary work and hold their conference as soon as possible. Last Friday afternoon, in fact, Steer said that they had hoped that the conference itself would be ready to open in six weeks time. He was soon, however, disabused on this point.

During the committee's deliberations there were, of course, various statements from those present as to how the wheat surplus might be removed: Professor Laur talked at length about animal fats; the French were all for making alcohol; somebody else thought that cattle should be encouraged to acquire a taste for it, and so on. . . .

Yours sincerely,

L. B. PEARSON

CHAPITRE II/CHAPTER II

RELATIONS IMPÉRIALES  
IMPERIAL RELATIONS

- |   |                              |
|---|------------------------------|
| 1. Conférence impériale, 1937                 | 1. Imperial Conference, 1937 |
| 2. Défense                                    | 2. Defence                   |
| 3. Matériel de guerre pour la Grande-Bretagne | 3. War Supplies for Britain  |
| 4. Communications                             | 4. Communications            |
| a. Transport maritime                         | a. Shipping                  |
| b. Aviation civile                            | b. Civil Aviation            |
| 5. Commerce                                   | 5. Trade                     |
| 6. Contrebande                                | 6. Smuggling                 |
| 7. Terre-Neuve                                | 7. Newfoundland              |
| a. Défense                                    | a. Defence                   |
| b. Questions douanières                       | b. Customs Questions         |
| 8. Constitution irlandaise                    | 8. Irish Constitution        |

PARTIE 1 / PART 1

CONFÉRENCE IMPÉRIALE, 1937  
IMPERIAL CONFERENCE, 1937

106.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 46

London, March 27, 1936

CONFIDENTIAL. Following from Prime Minister for your Prime Minister, Begins: We have been considering question of most convenient date for next meeting of Imperial Conference. As you will see from message from Secretary of State for Dominion Affairs of March 25th,<sup>1</sup> the date proposed for the King's Coronation is in May next year and in the circumstances it seems

<sup>1</sup> Non reproduit/not printed.

likely to be most suitable to Dominion representatives if a meeting of the Conference is held in the same month. I should be glad to learn from you as soon as is practicable whether this date would be acceptable to you.

The question of the Agenda of Conference could be discussed and settled later. As you will realize it is impossible to foresee how the international situation may develop in the meantime, but in any case we should anticipate major issues before the Conference would be questions connected with foreign relations and defence.

We should prefer that any questions arising out of the Ottawa Agreements which any of the Governments concerned may wish to raise to be dealt with as occasion offers in separate discussions between individual Governments, though Conference would afford an opportunity for a general review of progress of inter-Imperial trade including the results of any such discussions. Ends.

107.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 47

London, March 27, 1936

CONFIDENTIAL. With reference to my telegram Circular B. 46 Imperial Conference.

Following from Prime Minister to your Prime Minister: Begins:

Position as regards Southern Rhodesia requires consideration. It would be desirable we think, subject to your concurrence and that of the other Prime Ministers, to arrange that Prime Minister of Southern Rhodesia should take an appropriate part in Conference. Situation as regards Ottawa Conference was that Southern Rhodesian delegates were invited as observers. Similar arrangements would appear suitable as regards Imperial Conference, the object being to ensure presence of Southern Rhodesian representatives when matters of special concern to them were being discussed. We should be glad to know whether this is agreeable. Ends.

108.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 21

Ottawa, March 31, 1936

CONFIDENTIAL. Your telegrams Circular B. 44<sup>1</sup> and B. 46.

Following from Prime Minister to your Prime Minister: Begins:

Your telegram regarding date of Coronation and Imperial Conference re-

<sup>1</sup> Non reproduit/not printed.



ceived. Canadian Parliamentary session usually extends into June or July. Every effort, however, will be made to conclude the session to permit attendance in May, as suggested, particularly if a date late in May could be arranged.

Suggestion that questions arising out of Ottawa Agreements should be dealt with as occasion offers in separate discussions between individual governments will be entirely satisfactory to Canadian Government. Ends.

109.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 24

Ottawa, April 2, 1936

CONFIDENTIAL. With reference to your telegram of March 27th, B. 47. Imperial Conference.

Following from Prime Minister for your Prime Minister: Begins:

We are prepared to concur in attendance of delegates from Southern Rhodesia when matters of special concern to them are being discussed, as proposed. We understand this means economic matters and that, as in 1932, they would be present as observers with liberty by permission of the Conference to speak at its full meetings and to participate in Committee work. Ends.

110.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

DESPATCH A. 76

London, September 28, 1936

Sir,

I have the honour to forward herewith certain correspondence between this Office and the High Commissioner for South Africa which embodies certain proposals made by the Union Government for the clarification of the international status of the Dominions. It will be noted that it has been suggested that the proposals should be considered at the next Imperial Conference and meanwhile preliminary discussions concerning them should proceed in London between Representatives of the United Kingdom and the Dominion Governments. It will also be noticed that the High Commissioner for South Africa has requested me to let him know whether the suggestion for such preliminary discussions is agreeable to His Majesty's Government in Canada.

I have etc.

VINCENT MASSEY

[PIÈCE JOINTE/ENCLOSURE]

*Le haut commissaire de l'Afrique du Sud en Grande-Bretagne  
au haut commissaire en Grande-Bretagne*

*South African High Commissioner in Britain  
to High Commissioner in Britain*

P.S. 18/13

London, September 14, 1936

My dear High Commissioner,

As I indicated at the recent meeting at the Dominions Office, my Government are much concerned at the erroneous conceptions which exist in certain quarters as to the international status of the Dominions. The proceedings at the London Naval Conference have led them to propose that a declaration should be made by the Members of the Commonwealth setting forth that neither the passage of the Report of the Imperial Conference of 1926, which deals with the application of the provisions of a treaty between Members of the British Commonwealth of Nations when several Members participate therein, nor the practice based upon it was intended to detract from the position of the several members of the Commonwealth as international units in the fullest sense of the term.

My Government have also found it necessary to draw attention to the unsatisfactory results of the use of the collective form of treaty at present in use and the impossibility of its use in the future if, as happened in the case of the London Naval Treaty, 1936, Members of the Commonwealth taking part in a treaty fail to make clear in the treaty itself the basis on which they are participating.

In order to obviate such difficulties in the future, my Government have proposed to the United Kingdom Government forms of treaty which will make it clear whether Members of the Commonwealth are acting each for itself alone or as a group or as a group but excluding liability for each other in respect of specific matters.

The United Kingdom Government have suggested that the foregoing should be considered at the next Imperial Conference and to this my Government are agreeable. To this end it is further proposed that preliminary discussions should meanwhile proceed in London between representatives of the United Kingdom and Dominions Governments, and I am accordingly enclosing, for your information, copies<sup>1</sup> of correspondence which has so far passed between the Dominions Office and myself on this matter.

If your Government are agreeable to this course we could perhaps arrange for a meeting in the early part of November and I should be glad if you would let me know whether this suggestion is acceptable to you.

Believe me,

Yours sincerely,

C. T. TE WATER

<sup>1</sup> Non reproduites/not printed.

111.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 182

London, November 18, 1936

CONFIDENTIAL. My telegram 25th May, Circular B. 89.<sup>1</sup> Following from Prime Minister for your Prime Minister, Begins:

We have now been able to give further consideration to question of Agenda for Imperial Conference in May next year.

As indicated in my telegram of the 27th March, Circular B. 46, our view is that major issues before Conference would be questions connected with foreign relations and defence. The international situation at the present time is so fluid that it seems impracticable at the present stage to elaborate these items in any detail but we hope to communicate with you again on this subject when we are closer to the Conference. In the meantime it would be helpful if you would indicate whether there are any particular aspects of foreign policy or defence on which you would like special preparations to be made.

As regards constitutional questions, there are no particular matters which as at present advised we desire to suggest for inclusion in Agenda. We understand, however, there are certain matters which His Majesty's Government in the Union of South Africa desire to raise, particularly in connection with questions relating to nationality, collective treaties, registration of Agreements between members of the Commonwealth with the League Secretariat, and international status of Dominions, and we assume it would be generally agreed that these items should be included in Agenda.

As regards economic matters, it will be remembered that in my telegram of the 27th March, Circular B. 46, it was suggested that any questions arising out of Ottawa Agreements which any of the Governments concerned might wish to raise should be dealt with as occasion offers in separate discussions between individual Governments, though Conference would afford an opportunity for a general review of progress of inter-Imperial trade. This seems to have commended itself generally to the Dominion Governments. In the light of this we suggest that Agenda should include following items:

1. General review of progress of inter-Imperial trade;
2. Review of work of Imperial Economic Committee and the other inter-Imperial organisations in economic sphere.

As regards questions affecting communications, Agenda might include following:

- (a) General questions arising in connection with shipping policy, including a review of work of Imperial Shipping Committee;
- (b) Civil Air Communications.

<sup>1</sup>Non reproduit/not printed.

There may also be questions concerning:

- (1) The work of Imperial Communications Committee;
- (2) Broadcasting,

on which discussions may be advisable. In addition to above subjects we should like to discuss at least informally question of migration.

We should also propose that a statement should be made by the Secretary of State for the Colonies on the progress of Colonial Empire with special reference to their relations with the Dominions.

It will be recalled that in my telegram of the 25th May, I suggested that an endeavour might be made to secure that any preliminary work that can be done between officials should be done before the Coronation. I understand that the Union Government would find it difficult to arrange for main body of their official advisers to be present in London before the Coronation, though they could arrange to send over their advisers on constitutional matters with a view to a preliminary discussion between officials on questions mentioned above under heading "Constitutional Questions". Would it be possible for other Dominions to make similar arrangements so that these subjects could be discussed informally between officials in advance of meeting of Conference? In any case it is hoped that the Dominion Governments will be able to send in advance officers whom they would wish to appoint to joint secretariat of Conference.

I have set out above our suggestions as regards Agenda of Conference. We should welcome any suggestions which you may wish to put forward or any comments which you may have to make on our suggestions. An early reply to this telegram would be appreciated so that general line of Agenda can be settled as soon as possible with a view to adequate preparation for discussions. Ends.

112.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 183

London, November 18, 1936

Following from Prime Minister for your Prime Minister, Begins: Imperial Conference. Our attention has been called to position which will arise as a result of coming into operation April 1st next year of Government of India and Government of Burma Acts, 1935. Under this legislation Burma will receive a Constitution conferring upon her unitary Government a range of powers as extensive as those distributed by the Government of India Act between Central Government and provinces of India. In all essential respects Burma will therefore be in the same constitutional position as India. In the

circumstances question has been raised whether it would not be appropriate that arrangements should be made to provide for suitable representation of Burma at Imperial Conference.

As regards matters on Agenda of Conference concerned with the issues of foreign policy and defence which under the Constitution are reserved subjects, it would seem proper that Burma should be regarded as represented by the Secretary of State of Burma (who will be the same as the Secretary of State for India) but as regards economic questions on which Burma as well as India will have fiscal autonomy, it would appear appropriate that arrangements should be made for special interests of Burma to be represented by Burmese representative.

In all the circumstances we feel there is justification for provision being made for representation of Burma on the same footing as Southern Rhodesia (see Secretary of State's telegram of March 27th, Circular B. 47) and we hope you will feel able to concur in this view. Ends.

113.

*Le ministre des Affaires extérieures de l'Afrique du Sud  
au secrétaire d'État aux Affaires extérieures*

*South African Minister of External Affairs  
to Secretary of State for External Affairs*

TELEGRAM 7

Pretoria, November 21, 1936

CONFIDENTIAL. With reference to telegram Circular B. 182 from the Secretary of State for Dominion Affairs, His Majesty's Government in the Union of South Africa would like to raise following points at the next Imperial Conference:

(1) Arising out of a request for payment by Union Government of costs of repatriation to Union from Northern Rhodesia of Union nationals expelled as undesirables from Belgian Congo, a question which we feel can only be appropriately dealt with on basis of separate nationality for each member of the Commonwealth, we would wish to discuss:

(a) Desirability of each member passing its own nationality laws on such a basis as to eliminate, as much as possible, cases of double nationality in the Commonwealth;

(b) Desirability of getting clarity about relationship between common status and nationality of each State member of the Commonwealth: about rights and duties of each member in respect of persons possessing common status and about the use of term "British subjects" in legislation of members of the Commonwealth.

(2) Registration of Agreements between members of the Commonwealth with the Secretariat of the League of Nations.

(3) Participation in collective agreements, the form in which members of the British Commonwealth of Nations take a part therein and duties assumed by each of them thereunder; and in connection therewith the international status of Dominions.

At the same time the Union would like to discuss the question of desirability of Dominions assuming liability vis-à-vis each other in connection with certain collective agreements such as for instance Convention for Sanitary Control of Air Navigation.

(4) Change in present system under which the Dominions Office is the channel of communication between His Majesty's Government in the United Kingdom and the Dominions.

His Majesty's Government in the Union of South Africa would be much obliged to receive an early indication of subjects your Government would like to raise and to be informed whether suggestion that officials start in London soon after April 15th next with informal preliminary discussion of above questions meets with the approval of your Government.

**114.**

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 6

Ottawa, January 21, 1937

Your circular telegram B. 183 of November 18, 1936. Following from Prime Minister for your Prime Minister. Begins: Imperial Conference. In the circumstances you set out we accept proposal for representation of Burma as regards economic questions on the same footing as Southern Rhodesia. Ends.

**115.**

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 8

Ottawa, January 23, 1937

CONFIDENTIAL. Your telegrams of November 18th, Circular B. 182 and December 21st, 1936, No. 95.<sup>1</sup> Following from Prime Minister for your Prime Minister. Begins:

1. Agenda for Imperial Conference. The general line of your suggestions appears to us to be suitable and under the general headings proposed we have no particular aspects to suggest for special preparation.

<sup>1</sup> Non reproduit/not printed.

2. We agree (subject to observations below respecting formal public agenda) that Conference should discuss special aspects of constitutional heading suggested by South African Government and particularly problems relating to status of nationals which we have had under consideration.

3. It does not seem clear at this stage that all the items suggested by Australian Government (for example, special defence items) would necessarily require or be suitable for formal discussion between all the governments.

4. We would assume that any formal agenda for publication would be drawn on general lines as in the past, and it might be premature to include for this purpose all the sub-headings or items suggested by the various governments, which might perhaps be regarded as a guide for purposes of preparatory stage.

5. Generally speaking we feel it desirable that care should be taken not to overload the agenda.

6. It is difficult to speak definitely at present regarding South African Government's suggestion that advisers on constitutional questions arrive some time in advance for preliminary discussion, but if such an arrangement appears generally feasible we shall do our best to provide for Canadian participation. Ends.

116.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 24

London, March 3, 1937

SECRET. My telegram of the 18th November, Circular B. 182, Imperial Conference. Following from Prime Minister for your Prime Minister, Begins:

We have now further examined question of Agenda of Imperial Conference in the light of the replies received to my message of November 18th, and following is a summary of our conclusions in a form which, subject to agreement of other Prime Ministers, could be announced publicly when a convenient opportunity occurs, Begins:

The Imperial Conference, which will open on May 14th, will afford an opportunity of discussion of matters of common interest to members of the British Commonwealth under the following heads:

- (1) Foreign Affairs and Defence.
- (2) Constitutional Questions.
- (3) Trade, Shipping and Air Communications and allied questions.

As regards Foreign Affairs and Defence the Agenda will include examination of general situation, together with any relevant questions of a less general character which may require consideration.

As regards Constitutional Questions, particular subjects proposed for consideration are certain matters relating to nationality, treaty procedure, the international status of members of the British Commonwealth and channels of communication. Arrangements have been made for preparatory work by officials on these points before main Conference opens.

As regards Trade, Shipping and Air Communications and allied questions, following will be main headings:

- (a) General review of progress of Empire trade and questions arising therefrom.
- (b) Review of work of Imperial Economic Committee and other intra-Imperial organisations in economic sphere.
- (c) General questions arising in connection with shipping policy including a review of work of Imperial Shipping Committee.
- (d) Civil Air Communications.

It is hoped there will also be an opportunity during course of Imperial Conference for exchange of views on the subject of migration within the Empire.

It has been generally agreed by His Majesty's Governments that any questions arising out of Ottawa Agreements can best be dealt with as occasion offers in separate discussions between individual Governments concerned and apart from Imperial Conference. Ends.

## 117.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 25

London, March 3, 1937

SECRET. My immediately preceding telegram Circular B. 24 of today, Imperial Conference. Following from Prime Minister for your Prime Minister, Begins:

We suggest that as at previous Conferences the proceedings at the opening of meeting on May 14th should commence with general statements on matters of common interest which could be published forthwith, and that these preliminary statements should be followed by discussion of Imperial and foreign affairs and defence matters. The Conference could then proceed to deal in detail with the specific subjects on the Agenda some of which might at once be referred to Committees. The underlying idea would be that the Conference should confine itself to major issues and that matters of technical character or of interest only to some of the Governments represented should be dealt with independently of the Imperial Conference by discussion between those concerned.



As regards foreign affairs and defence, additional subjects suggested by His Majesty's Governments in Commonwealth of Australia and New Zealand and Government of India since my message of November 18th should, we suggest, be divided into two categories, those of a less general or of a technical character being dealt with outside Conference. Arrangements could be made for discussion of second category between representatives of Dominions interested and particular United Kingdom authorities concerned either during Conference or at any other convenient time.

As regards constitutional questions, preliminary discussions between officials concerning the points which His Majesty's Government in the Union of South Africa desire to raise might open on or about April 19th, provided His Majesty's Government in Canada can arrange to be represented and on understanding that His Majesty's Government in New Zealand will only be represented by an observer until May 1st.

As regards trade, shipping and air communications and allied subjects, from answers so far received it appears that items set out in my immediately preceding telegram are generally acceptable. (b) of that telegram would include consideration, suggested by His Majesty's Government in the Commonwealth of Australia, of establishment of an Empire Agricultural Council; (c) would include consideration, suggested by His Majesty's Government in New Zealand, of problems raised by foreign subsidized shipping competition; (d) would include consideration, suggested respectively by His Majesty's Government in the Commonwealth of Australia and His Majesty's Government in New Zealand, of Empire air mail scheme and intra-Imperial commercial air transport.

As regards technical subjects which have been suggested (e.g. road safety, patent designs, copyright Convention and coordination of meteorological services) we fear that in view of pressure upon Conference time is not likely to permit discussion of such matters at the Conference itself. Moreover, it is improbable that all delegations will include experts competent to deal with such subjects. We should, however, of course be glad to arrange, if desired, as in the case of foreign policy and defence questions of a technical or individual character, for discussions between representatives of any Dominions interested and particular United Kingdom authorities concerned either at the time of Conference or at any other convenient time.

As regards more general questions of an economic character which have been mentioned in Dominion Governments' replies, some of these would naturally arise in any separate discussions relating to future of Ottawa Agreements. General economic questions not falling under this head could be raised in connection with proposed general review of Empire trade.

We are glad to learn that the appointment of Hankey to be Secretary to the Conference is generally welcomed and that it will be convenient for officers appointed to serve on joint Secretariat to arrive in advance of meeting of Conference. The first meeting of joint Secretariat might be held on April 30th. Ends.

118.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM

Wellington, March 10, 1937

SECRET. Following is repetition of telegram sent today to the Secretary of State for Dominion Affairs with reference to Dominions Office telegram of the 8th March,<sup>1</sup> Imperial Conference, Begins:

His Majesty's Government in New Zealand generally agree with proposals contained in Secretary of State for Dominion Affairs telegrams Circular B. 24 and Circular B. 25 of the 3rd March, but are anxious that an opportunity should be afforded for a discussion under heading of Inter-Imperial Trade:

- (a) The effect of foreign supplies of raw materials, foodstuffs, etc. on Dominions' market in the United Kingdom;
- (b) The possibility of assessing requirements of foodstuffs with a view to defining objectives in production;
- (c) The interchange of information regarding procedure to extend utilisation of foodstuffs.

They trust also that an opportunity will be provided of discussing social questions in so far as general Commonwealth interests are concerned. On the assumption that paragraphs (a) (b) and (c) may reasonably be regarded as included in paragraph (a) of telegram Circular B. 24, they would suggest that Agenda be published as proposed, with addition to penultimate paragraph of words "and of such social questions as have a general application". Ends.

SAVAGE

119.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions  
Secretary of State for External Affairs to Dominions Secretary*

PARAPHRASE OF TELEGRAM 22

Ottawa, March 10, 1937

SECRET. Following is repetition of our cypher telegram No. 5 of today to New Zealand, Begins: Secret. Your telegram of the 10th March, Imperial Conference.

With regard to your proposals under paragraphs (a), (b) and (c), Canadian Government are doubtful whether all these proposals could usefully be regarded as falling under heading (a) of Dominions Office telegram

<sup>1</sup> Non reproduit/not printed.

Circular B. 24 of the 3rd March, but would, of course, have no objection to their being regarded as falling under those categories of subjects which might be discussed outside the Conference between the representatives of the Governments particularly interested.

With regard to proposal to add "social questions" to Agenda of Conference, we feel this would amount to altering character of Imperial Conference as hitherto conceived. While recognising importance of such subjects, we feel that full consideration should be given before making this change, consideration which clearly could not be given before publication of the Agenda.

In general, as indicated in previous telegrams, we consider that Agenda, as outlined in Secretary of State for Dominion Affairs telegrams Circular B. 24 and Circular B. 25, is already of a scope to tax fully the time and personnel which will be available. Message ends.

120.

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State  
for External Affairs*

Ottawa, March 22, 1937

My dear Skelton,

I have your letter of March 15th,<sup>1</sup> enclosing confidential copy of the Progress Report of the Imperial Economic Committee covering the period 1933-36, and requesting any observations this Department might care to offer with regard to the work of the Committee in view of discussions which will take place at the forthcoming Imperial Conference.

I find that the reports of the Committee are consulted chiefly by the Tariff Branch of this Department and that, on occasions, they have proved extremely useful. My officers, however, have no suggestions to make as to improvements in the work of the Committee in its present field. The only point that has occurred to me is whether the Committee would be an appropriate medium to use in attempting to secure a greater uniformity of classification and greater comparability in the published trade statistics of the Commonwealth countries. I am thinking particularly of the commodities and industries in connection with which the Committee is currently preparing surveys and reports. As a result of its studies the Committee should be able to make suggestions to the cooperating governments which would greatly facilitate the preparation of general surveys.

Another suggestion is whether the Committee's work might be extended into the financial field. It might be useful to have a financial section within the Committee devoting its activities to financial questions as contrasted with

<sup>1</sup> Non reproduite/not printed.

the present work which is confined entirely to trade, production, and prices. For example, a basic study might be made of Inter-Empire indebtedness or investments to be followed by annual reviews of capital movements within the Empire. Taxation questions might also find a place in the programme of a Committee supplying financial information. It is probable, however, that this suggestion would involve too radical a break with past policies, and too radical an expansion of technical staff.

Yours very truly,

W. C. CLARK

121.

*Le sous-ministre des Mines et des Ressources au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Mines and Resources to Under-Secretary of State  
for External Affairs*

Ottawa, March 22, 1937

CONFIDENTIAL

Dear Dr. Skelton,

I enclose herewith a memorandum entitled "British Sovereignty in Polar Regions" which has been prepared in the light of its bearing upon a document<sup>1</sup> submitted to me some time ago entitled "The Situation in the Antarctic" which is to be brought up at the Imperial Conference of 1937.

Matters of sovereignty in the Antarctic region have been examined with a view to seeing that no principles will be adopted for the Antarctic region that will in any way bear upon the question of Canadian sovereignty in the Arctic regions.

The original of this memorandum is being handed to my Minister so that he may be informed on the subject when the matter comes before the Imperial Conference in London in May.

Yours sincerely,

CHARLES CAMSELL

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire*<sup>2</sup>

*Memorandum*<sup>2</sup>

BRITISH SOVEREIGNTY IN POLAR REGIONS

Without going into detail of the International Legal procedure it might be said that the first step towards a state obtaining sovereignty over an

<sup>1</sup> Non reproduit/not printed.

<sup>2</sup> Au ministre des Mines et des Ressources/for Minister of Mines and Resources.

unclaimed territory is by right of discovery. This act followed by a proclamation claiming the territory for a certain sovereign state gives that particular state a prior claim at the time, but this act of claiming possession, is compelled, under International Law, to be followed by some act of occupation or possession. The act of discovery and initial claim only gives the state concerned an inchoate title and this must be followed by occupancy to make the title complete.

The above procedure is the basic procedure recognized in International Law and will hold good before any court sitting to decide the sovereignty of any previously unclaimed territory.

The theory of contiguity or close proximity of islands to a mainland over which sovereignty exists may have some slight weight before a court of International Law as to the sovereignty of the islands concerned. Where islands immediately abut on the mainland and are separated from the mainland by stretches of water considered territorial waters, no dispute arises. However, the greater the distance from the mainland the greater the doubt as to the sovereignty. The theory of contiguity has been stated by eminent authorities to be too vague to carry very much weight. This condition exists with regard to Canada's claim to the islands lying directly to the north of the Dominion of Canada, but as these islands extend farther north and the separation from the mainland by stretches of water and ice become greater the claim becomes weaker. This theory is sometimes referred to as the Hinterland Theory.

The Sector Theory is perhaps the weakest and has little if any weight under International Law. This claim is usually based upon discovery and the taking of possession.

The sector principle has been put forward by a number of sovereign powers in the Arctic and in the Antarctic regions by Britain.

The controversy that existed in the Arctic for so many years has been practically settled in recent years and the claims of the several powers quieted at least for the time being.

The situation in the Antarctic region or South Polar Continent is vastly different. The region is not wholly explored and there are many sovereign powers claiming territory and resting their claim solely on discovery and proclamation of sovereignty.

The inchoate title acquired in the Antarctic by discovery in many cases has lapsed due to the failure of the discovering state to follow up its advantage. Britain however, has taken advantage of these lapsed inchoate titles and assumed sovereignty over three distinct sectors after reasserting discovery rights and placing the sectors under British jurisdiction by proclamation and legislative acts. The three sectors, under British sovereignty take in approximately 2/3 of the Antarctic Continent and practically all of the known discovered lands.

The procedure laid down by International Law as presently constituted is not applicable in actual practice in relation to the Antarctic Continent

and adjacent islands. The procedure requires that discovery and assuming of sovereignty must be followed by actual possession and continuous occupancy. This requirement is impossible owing to the lack of vegetable and animal life in these regions.

The action taken by Britain in the Antarctic region has been carefully approached through diplomatic channels and where it has been found that another power has a good claim in any one of the sectors taken over, she has acknowledged it. Adèlie Land is such an example and France's claim to this portion of the Antarctic Continent, while within the Australian Sector, has been respected.

The British claim to the regions in the Antarctic, while not of the best in the eyes of International Law, is perhaps the strongest that any nation can put forward and does not conflict in any way with the claim set forth by Canada to the islands immediately to the north of the Dominion in the Arctic.

[ANNEXE À LA PIÈCE JOINTE/ANNEX TO ENCLOSURE]

*Canada's claim to British Sovereignty in the Arctic briefly is based on:*

1. Discovery and Proclaiming Northern Islands for Britain.
2. Reaffirmation of Discovery.
3. Assuming jurisdiction and placing region under Legislative Acts and Canadian Law.
4. Occupation where feasible and necessary to carry into effect Regulations and Legislative Acts.
  - (a) Establishing Police Posts at strategical points.
  - (b) " Post Offices.
  - (c) " Custom Ports.
5. Yearly trip of a government expedition supervising conditions in the Eastern Arctic and carrying scientific parties and relief officers to established government posts.
6. Contiguity of northern islands to mainland of Dominion of Canada.
7. Sector principle which includes all lands and islands discovered and undiscovered, lying in the sector between Canada's northern coast and the Meridians 60°W. longitude and 141°W. longitude, north to the pole.

*British claim to the Antarctic Continent through several of its colonies is based on the Sector principle.*

The description of the sectors claimed by Britain are as follows:

1. Falkland Islands Dependency Sector.

Beginning at the point in the South Atlantic Ocean 50°S. latitude and 20°W. longitude west along the 50°S. latitude to 50°W. longitude thence south along the 50°W. longitude to latitude 58°S. thence west

along the 58°S. latitude to 80°W. longitude, thence south along 80°W. longitude to the South Pole, thence from the centre point, the South Pole, north along 20°W. longitude to place of beginning.

2. Ross Sea Dependency Sector.

Beginning at the point in the South Pacific Ocean 50°S. latitude and 150°W. longitude, thence westerly along the 50°S. latitude to 160°E. longitude, thence south along the 160°E. longitude to the South Pole, thence north along 150°W. longitude to the place of beginning.

3. Australian Dependency Sector.

Beginning at the point in the South Pacific Ocean 50°S. latitude and 160°E. longitude, thence west along 50°S. latitude to 45°E. longitude, thence south along 45°E. longitude to the South Pole, thence north along 160°E. longitude to place of beginning.

*Britain's Sector principle claim is based on:*

1. Discovery and proclaiming new land for Britain.
2. Reaffirmation of Discovery.
3. Rediscovering land discovered by other nations and allowed to lapse.
4. Assuming jurisdiction over the claimed sectors and placing them under the laws and jurisdictions of British Colonial Governments.
5. Legislating for the preservation of resources and for the conduct of nationals within the sectors claimed.
6. Quieting claims of foreign nationals through diplomatic channels.
7. Reasserting Britain's sovereignty when any question arises.

Britain's claim to sovereignty in the Antarctic Polar Regions does not seem to conflict in any way with Canada's claim to sovereignty in the Arctic Polar Regions.

122.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

CONFIDENTIAL

March 23, 1937

IMPERIAL CONFERENCE 1937

*Imperial Communications—Marine, Air, Cables & Wireless*

I am sending in some papers on Shipping Questions and Civil Air Questions which may be of use in considering what preparation should be made for the Conference and by what method.

<sup>1</sup>L. C. Christie à/to O. D. Skelton.

Cables & Wireless Questions have already been dealt with to a certain extent by correspondence. There remains the discussion, to be held at the time of the Imperial Conference, between officials as to a new rates schedule.

It is of interest that over the whole range of these Communications Questions—though more emphatically in the Marine and Air branches—what is proposed amounts to a fairly comprehensive system of Imperial Preference.

But all of them, after a slight shift of focus or concentration, appear to resolve themselves also into a system of Imperial Defence—like the lines in an optical illusion trick.

In the Marine and Air branches particularly, it is of interest to note the value attached to Imperial Conference resolutions or discussions as counters or weapons in diplomacy and how they have been used in this sense by the U.K. Government.

123.

*Le sous-ministre du Commerce au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Trade and Commerce to Under-Secretary of State  
for External Affairs*

Ottawa, March 23, 1937

Dear Dr. Skelton,

Referring to your letter of March 15th enclosing a Progress Report on the work of the Imperial Economic Committee, 1933-36, prepared for consideration of the forthcoming Imperial Conference, and your request for observations from this Department regarding this matter, I beg to advise that we find most of these publications, especially the Commodity Series, World Surveys, and Reports to Government, of very great value for reference purposes. They provide a vast amount of statistical and other information that has an immediate bearing upon our work and they are frequently consulted for basic information that could only be secured from other sources, if at all, at great labour and expense. Aside from their value for official purposes, these publications are undoubtedly of great use to the industries concerned and it is, I believe, most desirable that their publication should be continued.

Insofar as the organization of the Committee is concerned, I have no comment to make other than that I believe it is advisable that Mr. Hudd should continue to be one of the representatives of Canada on the Committee.

Yours very truly,

J. G. PARMELEE



124.

*Le sous-ministre de l'Agriculture au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Agriculture to Under-Secretary of State  
for External Affairs*

Ottawa, April 5, 1937

Dear Dr. Skelton,

I received your letter of March 15th, with a Progress Report on the work of the Imperial Economic Committee, 1933-36.

Dr. J. M. Swaine, Director of Research of this Department, undertook to consult a number of our officers with respect to the value to them of this Report, and for your information I attach a copy of his statement.

Yours very truly,

H. BARTON

[PIÈCE JOINTE/ENCLOSURE]

*Le directeur de la Recherche au sous-ministre de l'Agriculture  
Director of Research to Deputy Minister of Agriculture*

Ottawa, April 2, 1937

Dear Dr. Barton,

On receipt of your memorandum of March 16th enclosing the letter from Dr. Skelton and the copy of the Imperial Economic Committee's Progress Report, I discussed the matter with the Live Stock Commissioner, the Fruit Commissioner and the Acting Commissioner of the Dairy and Cold Storage Branch, whose officers have most to do with reports of the Economic Committee insofar as this Department is concerned.

The Live Stock Commissioner states that his officers, making use of the publications of the Imperial Economic Committee in connection with agricultural production and marketing, have found them of value.

The Markets Intelligence Service states that certain classes of information are compiled and presented in a manner not to be secured elsewhere, particularly in regard to pig production and trade. A considerable amount of information is available through the Economic Committee at times which cannot be secured until much later from other publications, particularly in the case of foreign sources of information. He states that difficulties are occasionally met with in regard to grade nomenclature and price basis, but altogether they have found the Service to be decidedly useful.

He makes the observation that, where world prices are being dealt with for various agricultural commodities, it would be helpful to have a table of exchange rates prepared in a way that would facilitate estimating foreign monies in terms of Canadian and American dollars as well as in Pounds Sterling.

The Fruit Commissioner finds the publications of the Imperial Economic Committee useful in his work. The value of the publications to the Fruit Branch lies in the information they supply on statistics of Empire trade and particularly of trade in the British Isles in fresh fruits, vegetables and canned and other processed forms of these products, especially with reference to their preparation for market and marketing in the British Isles.

He suggests also that the data made available by the Economic Committee will be very valuable in connection with the formation of any export marketing schemes or any measure of Governmental regulation of exports.

The Acting Dairy and Cold Storage Commissioner reports that they have found the several reports of the Imperial Committee, including the Weekly Dairy Produce Notes, to be of value to the Dairy and Cold Storage Branch. The latter report is regularly referred to for information respecting the supply position of butter and cheese in the United Kingdom, and the expected arrival of these products from the Southern hemisphere to the British market. The brief summaries carried by each weekly report, with respect to weather conditions, exports, tariff agreements, bounties, etc., in the different competing dairy exporting countries, serves as a useful guide to the probable trend of production in those countries and the market competition which may be expected. The Branch has also found the yearly report summarizing dairy statistics of different countries to be a very convenient reference.

The only suggestion made for improving the publications of the Imperial Economic Committee is Mr. Rothwell's reference to exchange rates in terms of Canadian and American dollars. In connection with records of sales this would undoubtedly be useful although not essential, since the Commercial Intelligence Journal, issued by the Department of Trade and Commerce, gives the exchange rates of foreign monies in Canadian currency week by week. Mr. Light made this recommendation and I consulted him about it. He says that it would be a convenience to have this information incorporated with the rest, although it is obtainable elsewhere.

I would hesitate to recommend this myself, since it would involve publishing the exchange rates for currencies of the other Dominions as well as Canada. Dr. Derby informs me that the exchange rates given in the Commercial Intelligence Journal serve their purpose very satisfactorily.

Yours faithfully,

J. M. SWAINE

125.

*Mémorandum**Memorandum*

[April n.d., 1937]

## IMPERIAL CONFERENCE 1937

*Foreign Affairs and Defence*

The dominating issue in the 1927 [*sic*] Conference will be foreign affairs and defence. Neither trade nor constitutional questions will bulk as large as in recent Conferences, and questions of transport and communication will be approached in part from the political and defence angle. Further, foreign affairs and defence will be more nearly a single topic, more intimately related, than was the case in more peaceful days. The agenda, in brief, will be—the United Kingdom and the Empire are facing a troubled and dangerous world, what are you going to do in the way of helping in defence?

The Secretary of State for Foreign Affairs will open with a review of the world situation. Undoubtedly he will emphasize the change for the worse since the last general Conference of 1930. He will review the emergence of the three centres of unrest and aggression, Germany, Italy, Japan; picture them as dominated by dictators or military cliques, committed to policies of ambition and force, and in Germany's case, a militant self-sufficiency, united and impassioned by new social creeds, and encouraged by their initial successes and the weakness of the peace-loving countries; he will refer to the tremendous armaments they have built up openly and secretly, and recount the instances in which they have broken treaties and pledges or used force or the threat of force; *Japan's* unceasing aggression in Manchuria and North China; *Germany's* tearing up of the Treaties of Versailles and Locarno, her re-occupation of the Rhineland, her threats and intrigues against Austria, Czechoslovakia, Russia, and her demands for return of her colonies; and *Italy's* attack on Ethiopia, her successful defiance of the League, her Arab intrigues and her Mediterranean armaments. He will show how, not content with individual aggression, these three states and particularly Germany and Italy, have sought to build up a Fascist bloc, under the pretense of opposing Communism, and how they have striven to break up France's system of alliances, to detach Poland to break up the Little Entente, to threaten Czechoslovakia, to bribe Jugo-Slavia. He will dwell on the clash in Spain, dividing the blame between the Fascist states and Russia, and showing how difficult it has been to prevent the conflict spreading to all Europe. He will refer to the failure of the efforts at disarmament and the breakdown of the League's first efforts to apply sanctions. He will show how the new alignment of political forces and the development of air power have materially lessened Great Britain's influence abroad and endangered her security at home, how German airplanes have made Britain no longer an island, and how Italy's hostility and air forces threaten to cut her Mediterranean route to the East.

It is possible that Mr. Eden will also refer to the more encouraging features in the situation; in Asia, to Russia's checkmate of Japanese ambitions for Siberian expansion and China's growth in unity and resistance; in Europe, to Russia's growth in military force and in moderation in foreign policy, to the success of France under Blum in weathering financial upheavals and suppressing Fascist threats to her unity, to Poland's swing back to France, Austria's skilful balancing of Germany against Italy, the Little Entente States' continued alliance, the set-back given to Fascism and militarism by the successful resistance to the Spanish Government, and finally the economic troubles for all Fascist powers.

It is highly improbable that he will admit any responsibility for the present position, or consider how far it might have been averted by a more far-sighted policy on the part of Britain and France, which for over a dozen years held Europe in the hollow of their hands; he may refer to the danger of Hitlerism, but not to France's occupation of the Ruhr, or the failure of both France and Britain to concede to Bruning what was later yielded to von Papen, or taken by Hitler; he may refer to Italy's faithless and ruthless aggression in Ethiopia, but say nothing of Britain's earlier claims for Ethiopian spheres of influence or to Laval's bargain with Mussolini at Stresa or the understanding between Hoare and Laval not to use military force against Italy. He may refer to the failure of the Disarmament Conference, but not to France's resistance to German pleas for gradual approach to equality, or Britain's failure to give a lead, to back-up effectively the movement for abolishing all aggressive weapons denied to Germany by the Versailles Treaty, or to accept abolition of bombing planes (because of their usefulness in outlying areas). Neither the foreign nor the military spokesmen will give much weight to the economic causes of the present unrest, or consider how closely the period of defence difficulties has coincided with the period of depression.

Mr. Eden will state the British Government's foreign policy—as regards the League, negatively, a policy of not acting contrary to the Covenant, and positively, a policy of mild support where it is considered expedient and safe without military commitments; firm commitment to certain definite obligations, the defence of Belgium, France and probably the Netherlands against German attack, and the defence of Iraq and Egypt; steady efforts to maintain and advance peace in Europe, by continuing the non-intervention policy in Spain with discreet encouragement to proposals for setting up a compromise government there, by trying to bring Germany into a new Locarno, and by seeking a *modus vivendi* with Italy in the Mediterranean; no special obligation in Central Europe, or toward Russia, in fact pleased if the Franco-Soviet pact could be ended. In Asia, no obligation to defend China against Japan, but somewhat stiffer defence of British interests in China.

Mr. Eden will probably ask the Dominions to indicate whether they approve these policies, or wish to suggest any alternative course for the United Kingdom to follow.

Then the defence situation will be expounded. A forecast of the views that will be advanced is furnished in secret memoranda, one a lengthy review by the United Kingdom Chiefs of Staff Sub-Committee of the Committee of Imperial Defence,<sup>1</sup> indicating the possible enemies, the points of danger, the contributions which each Dominion might make in each contingency, and the others memoranda by the United Kingdom Principal Supply Officers Committee on Supply of War Material in peace and in war. Incidentally, it is anomalous to have a document prepared by a Staff Sub-Committee of the Committee of Imperial Defence suggesting defence policies for the Dominions, sent to the Dominion Governments without any request from them or any comment or expression of view by the political heads of the United Kingdom. If anomalous, it is however convenient, as indicating probable lines of approach.

Following an able if somewhat controversial review of the foreign situation, the Chiefs of Staff list the military liabilities of the British Commonwealth as in the following order:

- (1) Security of our Imperial Communications throughout the world.
- (2) Security of the United Kingdom against German Aggression.
- (3) Security of Empire interests in the Far East against Japanese aggression.
- (4) Security of interests in the Mediterranean and Middle East.
- (5) Security of India against Soviet aggression.

In the event of a world war or a German war, it is suggested that the Dominions would desire to send *expeditionary* forces, (provision of fully trained troops for operations in the theatres of war and partly trained troops for relief of British forces elsewhere). Such aid would be limited in the first place to peace-time resources. Reinforcements reaching Europe at the beginning of the second phase of the war would be of far greater value than if arriving six months later. In the case of a war with Japan, Canada's aid, it is suggested, might take the form of facilities for the Royal Navy in Pacific ports, and naval and air co-operation against Japanese trans-Pacific trade.

In the *supply of munitions*, it is stated that factories in Canada and other Dominions would be of value, particularly if developed before the war broke out; this would be specially important if the United States placed an embargo on munitions.

*As to supply of raw materials for war purposes*, it is suggested:

- (1) that Canada and South Africa appoint representatives on the United Kingdom Principal Supply Officers Committee as Australia and New Zealand have done;
- (2) that Canada undertake to reserve in time of emergency sufficient supplies of the following materials to supply the needs of the United

<sup>1</sup> Le doc. 139 est un extrait de ce mémoire.  
Doc. 139 is an extract from this paper.

Kingdom—aluminum, abrasives, asbestos, calcium carbide, cobalt, copper, flaxseed, lead, nickel, platinum, timber, wood pulp, zinc.

In considering these proposals, it may be assumed, in view of the announcements of policy by the Canadian Government in recent months:

(i) that Canada's primary and definite defence responsibility will be for her own defence;

(ii) that no commitments as to military, including air, aid to other parts of the Commonwealth will be made in advance, nor any commitment not to give such aid;

(iii) that commitments for provision of (i) munitions, (ii) raw materials, will be considered in the light of their bearing on subsequent military aid.

It may be noted that in the Chiefs of Staff Committee's review of danger-spots, there is not the slightest suggestion of any direct danger to Canada from any source, though dangers to the United Kingdom, Australia, New Zealand, South Africa and India are emphasized.

It may also be noted that South Africa has formally stated that having already discussed its outstanding defence arrangements with the United Kingdom last year, it will not come prepared to discuss other defence issues, and that Australia, while strong for Empire co-operation, believes that the Empire begins at home and the chief need is in the area between Japan and Australia.

In a statement of the Canadian position, it might be thought desirable,

(1) To refer to the increased provision being made for Canada's defence.

(2) To reiterate our belief in the League of Nations, on a basis of conciliation not of coercion.

(3) To show that just as the United Kingdom is influenced by geographical factors in its policy, e.g. making commitments to France but none to Czechoslovakia or Russia or China, so Canada is influenced by its geographical position, its distance from Europe and Asia and its nearness to the United States.

(4) To emphasize that the task facing Canada in developing and unifying this half-continent, with its vast distances, its varied economic interests and racial composition, is analogous to the task of keeping the countries in the similar area called Europe in peace and order, and that we will be lucky if we can do our own job without undertaking to do Europe's job also.

(5) To show that our nearness to the United States besides incidentally making our people susceptible to currents of isolationist feeling now sweeping that country, involves serious problems through the interlocking of our industrial systems, and our dependence on the United States for much raw and semi-finished material essential to our production; and that labor organization relations in peace time and the

possible war-time reactions if we use United States materials to manufacture and ship munitions which the United States itself has embargoed, require the most serious considerations—along with other factors of which neither the Foreign Secretary nor the Chiefs of Staff in the United Kingdom are apparently in the least aware.

(6) That while defence preparations must be recognized as inescapable in the circumstances which have arisen, they cannot be regarded as offering any permanent solution, and will in fact perpetuate unrest and bring universal bankruptcy, and that accordingly efforts should be made at economic appeasement,—fight war hysteria through returning economic prosperity.

126.

*Mémorandum**Memorandum*

SECRET

April 12, 1937

IMPERIAL CONFERENCE 1937  
*South African Proposals*  
*Respecting*

*A Public Declaration as to International Status*  
*and*  
*Form of Participation in Treaties*

1. These proposals arise immediately out of South Africa's dissatisfaction with what happened at the London Naval Conference 1935-36, which, they feel, was "humiliating" and which has accentuated the "erroneous conceptions as to the international status of the Dominions in the minds not only of writers on international law but also in the minds of foreign governments". (Ultimately, it will be recalled, South Africa—and the Irish Free State as well—refused to sign the London Naval Treaty 1936).

2. At one of the Naval Conference sessions (First Committee, December 13th, 1935), Admiral Nagano, explaining the Japanese "common upper limit" proposal, said it could apply to "the three countries Great Britain, America and Japan alone" or to "all five Powers here", whichever they liked. Lord Monsell, First Lord of the Admiralty and Chairman of the Conference, then said, among other things, "I am not at all sure whether that would not mean that the Dominions, if they so wished, could each have a common upper limit of their own". Admiral Nagano, seizing on this, asked in effect: (1) whether the Dominions were independent states; (2) whether they participated in the Conference as such; and (3) whether, consequently, the Conference was one of five Powers or of more than five. Thereupon—to quote Mr. de Water's letter of June 8th, 1936, to the Dominions Secretary—"the Chairman, Viscount Monsell, to whom these pertinent questions were put, not only abstained from answering them, but also acquiesced in the

Delegate of the United States creating the impression, and the Delegate of Australia expressly emphasizing it, that the constitutional relationships between the different parts of the Commonwealth of Nations rendered it difficult to give a clear reply to the questions put by Japan." (This quotation seems an accurate summary of what actually took place). Mr. de Water himself, at this Naval Conference session, had said "that if the question had been put to him whether the Conference was a Five Power Conference, he would be content to argue that it was a Six Power Conference, substantiating his argument by a reference to the position of the Union at the League of Nations".

3. When it came to drafting the Naval Treaty, South Africa proposed to insert in the preamble, after the Titles of the King, the phrase "in respect of each of the Members of the British Commonwealth of Nations enumerated below". But exception was taken to the words "of each". Then, as an alternative, South Africa proposed adding the words "each assuming liabilities in respect of himself alone". This was not accepted. Then they proposed a clause in the body of the Treaty to make it clear that each Member of the Commonwealth assumed liability for himself only and not for any other Member. This too proved unacceptable. They also raised a point as to the meaning of the word "foreign" in Article 22 of the Treaty. (The South African memorandum of June 4th, 1936, does not say who objected to these various proposals at the time).

4. From all this the South African memorandum of June 4th goes on to say—

When the above facts are kept in mind then the presumption in favour of the idea that the Members of the Commonwealth were expected to contract as a group becomes irresistible. This would mean that each of the Members of the British Commonwealth of Nations would be liable, vis-à-vis France and the United States, for the performance of their obligations by the other members of the Commonwealth. The Union was never prepared to accept such liability, as it had no authority to command any Member of the Commonwealth to do anything. It wished to confine itself to matters falling within its own jurisdiction, for which only it was prepared to accept liability.

#### THE PROPOSALS

5. *The proposed declaration as to international status (Mr. de Water's letter of June 8th, 1936, to the Dominions Secretary)*. To clear up the erroneous conceptions existing abroad concerning the Resolutions of the Imperial Conference 1926, South Africa proposes that the Members of the Commonwealth make a public declaration to the following effect:

The passage of the Report of the Imperial Conference of 1926 which deals with the application of the provisions of a treaty between Members of the British Commonwealth of Nations when several Members participate therein (see Report of Inter-Imperial Relations Committee, Chapter VI, Section V(a), 'Form of Treaty', Cmd. 2768 pp. 22 and 23), having given rise to erroneous impressions as to the status of the Dominions under international law, it is deemed advisable to make the following declaration:



It was decided in 1926, as a matter of practical convenience, to adopt the Heads of States form of treaty whenever it was intended that the provisions of a treaty should not be regarded as applying between the Members of the Commonwealth participating therein. This arrangement should not be linked in any way with legal theories.

Neither the passage referred to above nor the practice based upon it was intended to detract from the position of the several Members of the British Commonwealth of Nations as international units individually in the fullest sense of the term.

6. South Africa contends that the 1926 Resolutions were fully discussed at the Imperial Conference of 1930 and that everybody accepted the view expressed in the proposed declaration and agreed "that there was no longer room in the British Empire for a super-state, of which the Dominions would be constituent parts". Mr. de Water puts the proposal formally by saying: "I am instructed to say that His Majesty's Government in the Union are firmly of the opinion that the time has arrived for the real position to be published to the world". At the meeting of High Commissioners and British officials at South Africa House on November 10th, 1936, Mr. de Water pointed out that in the Report of the 1926 Conference it was stated: "We think that some convenient opportunity should be taken of explaining to the other Members of the League the changes which it is desired to make in the form of treaties and the reasons for which they are desired."

7. *The proposals as to the form of participation in treaties (Mr. de Water's letter of June 17th, 1936, to the Dominions Secretary).*

(a) *In the case of the creation of a vinculum juris between one foreign country and each of the Members of the Commonwealth individually there is no advantage in adopting "the collective form" of signature. "In such cases the obvious procedure should be separate treaties entered into between each Member of the Commonwealth individually and the foreign country."*

(b) *It is only in the case of multi-lateral treaties that any question should arise of the adoption of "the collective form". In that case—*

(i) *If the Commonwealth Members decide after due consideration, not to apply the provisions of the treaty inter se, then the "Heads of State" form should be adopted.*

(ii) *If they decide to apply the treaty inter se, then the form of treaty between countries should be adopted.*

(c) *In all cases where the "Heads of State" form is adopted, the further questions arise—*

(i) *Whether the Commonwealth Members intend merely to create a separate vinculum juris between each Member and each of the foreign countries participating in the treaty, without assuming any liability for each other; or*

(ii) *Whether they intend to contract as one party, thus rendering themselves liable each for the fulfilment of the treaty by the other Members; or*

(iii) Whether—a variation of the group case—they intend to act as a group, but assuming no liability in regard to specific matters undertaken by one of them.

The full forms of the clauses suggested by South Africa for these cases are set out in Annex I<sup>1</sup> hereto.

(d) Before making use of “the collective form” in the future, the Commonwealth Members participating therein should, in each particular case, discuss on what basis they intend to contract, with a view to deciding upon the appropriate form and wording to be adopted. (South Africa asserts “*the impossibility of its use in future*” if, as happened at the Naval Conference, the Members participating fail to make clear “*in the treaty itself*” the basis on which they are contracting).

8. The Irish Free State, to whom the South African proposals were submitted, replied on November 9th, 1936, that they did not think the proposed public declaration would add anything to what had already been publicly stated and would not clarify the position as to multilateral treaties, and also that the proposed treaty forms were unacceptable. The Irish Free State position is shown briefly in their letter set out in Annex II<sup>1</sup> hereto.

## 127.

### *Mémorandum*

### *Memorandum*

April 24, 1937

### IMPERIAL CONFERENCE 1937

### *Constitutional Questions*

This is the second general heading of the Conference agenda. The published reference is as follows:

As regards Constitutional questions, particular subjects proposed for consideration are certain matters relating to nationality, treaty procedure, the international status of members of the British Commonwealth and channels of communication. Arrangements have been made for preparatory work by officials on these points before the main Conference opens.

The term ‘constitutional questions’ is used to cover all questions of status, of the intra-imperial and international position of the several members of the British Commonwealth of Nations, and of the machinery for dealing with imperial and international relations. It had been assumed in some quarters that in view of the emphasis placed upon such questions in 1926 and 1930, there would be no constitutional issue before the 1937 Conference. But the British Commonwealth is still in flux: new questions are arising or old answers found to be incomplete.

<sup>1</sup> Non reproduites/not printed

The questions now raised are not as fundamental or important as those of 1926, but they involve some difficult points. South Africa is responsible for raising most of the questions and for the suggestion that, to save time and in view of the technical aspect of some of them, they should be given preliminary consideration by a committee of officials meeting in London on April 19. South Africa, it may be noted, has indicated it does not propose to discuss defence questions at this Conference, and any trade questions it is interested in will be discussed bilaterally outside the Conference, so that these constitutional points, and of course the general field of foreign affairs, are its primary concern. It may further be noted that while the constitutional relations between the Irish Free State and the United Kingdom are of much greater and more urgent importance than any of the issues here reviewed, their very seriousness may prevent any participation by the Free State in the Imperial Conference; negotiations on that point are still proceeding between London and Dublin.

Following South Africa's lead, Australia suggested two points for discussion, but proposed they be dealt with in the full Conference only, and not in the preparatory committee.

The detailed proposals are set forth below.

The following brief notes are intended to indicate in general terms the scope of the proposals, so far as known. Fuller memoranda on each point except No. 1 have been prepared, and are available for consideration.

(1) *Inter-Imperial relations and status of Dominions, including specific questions such as method of consultation and treaty procedure.*

The Australian Government has furnished no particulars of its proposals, and no representations in this general field have been made recently by Australia. It is probable that the Australian delegation will circulate a memorandum when the Conference opens, or before.

(2) *Nationality and status of married women and extension of the principles involved in the Hague Convention.*

This hardy perennial is again raised by the Australian Government. It is widely discussed in the Commonwealth and may be an issue in the approaching election.

It will be recalled that the general rule in force in the various members of the British Commonwealth is that the nationality of a married woman is governed by that of the husband. The United States and a number of European countries have in various ways made the wife's nationality independent of her husband's, and equally subject to her individual choice. Women's organizations, particularly in the United Kingdom and Australia, and in less degree in Canada, have demanded full equality in this respect. A Hague International Conference in 1930 grappled with the question, but the farthest that the representatives there would agree to go was to seek to eliminate statelessness (the draft Convention providing that a woman marrying a for-

eigner would not lose her nationality unless she acquired her husband's; and further, naturalisation of the husband during marriage would not involve a change in the wife's nationality except with her consent). Few of the countries which signed the Convention have ratified it. In the British Commonwealth, Canada led the way in 1932 by legislation giving effect to these proposals, and the United States followed in 1933 and New Zealand in 1936.

In the informal Prime Minister's [*sic*] discussions in London in 1936, during the Jubilee celebrations, the Australian representative pressed for uniform action on the basis that a woman on marriage should not lose her nationality or acquire a new nationality without her consent. New Zealand took the same position. Canada said she was not prepared to go further than the 1932 compromise. South Africa, which has taken no action, stated that when it did act, it did not wish to go further. The United Kingdom was opposed in principle to the further proposals, but rested its case, particularly in public, on the necessity of uniformity in this matter between all parts of the Empire. When challenged by the Australian representative to state whether they would agree to the new proposal if all other parts of the Empire would, the United Kingdom representatives would not commit themselves. It was noted that the Irish Free State had changed its previous opposition to the proposal and in its new Citizenship Bill provided that marriage in itself did not affect the national status of the parties, though the parties could by agreement at the time of marriage acquire the same citizenship.

It is not likely that the United Kingdom or South African position will be found to have changed since 1935. The question is of wider constitutional interest because of the United Kingdom contention that different action on this point by the different parts of the Empire would involve a breach of the 1930 undertaking not to make changes in their nationality laws which would affect the common status possessed by British subjects, except by agreement with the other parts. This point comes up more definitely in No. [4] below.

(3) *Desirability of each member passing its own nationality laws on such a basis as to eliminate, as much as possible, double nationality in the Commonwealth.*

(4) *Desirability of getting clarity about the relationship between common status and nationality of each State member of the Commonwealth; about the rights and duties of each member in respect of persons possessing common status; and about the use of term "British subjects" in the legislation of members of the Commonwealth.*

These South African proposals have not been enlarged or explained in any way.

The general question which they raise is one which has received a good deal of attention in Canada in recent years. It presents difficulties of both a practical and a constitutional character. These difficulties arise from the fact that originally 'nationality' throughout the British Empire was determined wholly by United Kingdom law; the various modifications of this situation which have been made in the past twenty-five years have not yielded

a clear-cut and workable solution, nor one which takes full account either of the present constitutional status or of the differences in the practical situation in the several parts of the Commonwealth.

In Canada, for example, the presence of a large proportion of naturalized foreigners, and the difficulties arising when they cross to the United States and seek or are forced to return, is a problem found in no other part on anything like the same scale. We have three different and confusing categories—British subjects, Canadian nationals, Canadian citizens. A foreigner naturalized here may cross to the United States, be arrested and deported from there, be refused re-admission on the ground that he has lost Canadian citizenship, and perhaps be accepted under protest by the United Kingdom. A passport may be issued to a Canadian national which will be the basis for his admission to foreign countries, but on his return he has no right of re-entry to Canada.

When the power of legislating for the whole Empire passed from the United Kingdom, the endeavour was made to secure uniformity by setting up the conception of a common status, a status of "British subject" which would be recognized in all parts of the Empire, and which would rest on certain requirements as to birth, naturalization, marriage, etc. which it was urged should not be altered except by agreement between all parts of the Commonwealth. The newer conception has been gaining ground that each part of the Commonwealth should determine who are its nationals, and that the nationals of all parts should be recognized elsewhere as equally the subjects of His Majesty. South Africa evidently desires to move in the latter direction. It presents difficulties but is the more logical and consistent line to take.

The discussion in the preliminary committee and in the Conference should be useful for the Canadian Government in considering its special problems, which have already been given some examination by State, Immigration and External Affairs.

(5) *Registration of agreements between members of the Commonwealth with the Secretariat of the League of Nations.* (South Africa)

This proposal refers to the obligation assumed by members of the League under Article 18 of the Covenant, which reads as follows:

Every treaty or international engagement entered into hereafter by any member of the League shall be forthwith registered with the Secretariat and shall as soon possible be published by it. No such treaty or international engagement shall be binding until so registered.

The applicability of this article to agreements between the several members of the Commonwealth which are members of the League was the subject of a lively controversy in 1924-25 between the United Kingdom and the Irish Free State Governments. The Irish Free State sought to register with the Secretariat the "Treaty between Great Britain and Ireland signed at London December 6, 1921"; the United Kingdom protested that Article 18 was not

intended to apply to the relations *inter se* of the members of the British Commonwealth, but the Secretary-General, Sir Eric Drummond, registered it.

In 1926 the Free State registered postal agreements with Canada, New Zealand, and South Africa.

At the Imperial Conference in 1926 the general question was raised by the United Kingdom, which contended that if treaties did apply *inter se*, they might, for example, lead to disputes between two parts of the Empire being referred to the Permanent Court, or weaken the basis of imperial tariff preferences. A resolution was adopted recommending that international treaties should be drawn up between heads of States rather than between governments, and that such treaties should not be regarded as applying *inter se*. Incidentally, it was later admitted that certain precedents cited by Sir Cecil Hurst in support of his contention were not correctly stated. In 1929, some difficulties arose as to reservations to the signature of the Optional Clause of the Permanent Court. At the Conference of 1930, the question was debated at length; and several draft reports were put forward, but no agreement could be reached and no reference was made to the question in the published report. The same issues are dealt with in the following section.

(6) *Participation in collective agreements; the form in which members of the British Commonwealth of Nations take a part therein; and the duties assumed by each member thereunder; and, in connection therewith, the international status of the Dominions.* (South Africa).

This version of the difficulty has special reference to an incident which arose at the London Naval Conference of 1935-36, when an unfortunate remark of Viscount Monsell was seized upon by the Japanese representative who asked whether the Dominions were participating as independent states or as part of one state, to which Viscount Monsell gave no adequate reply. South Africa sought to have a phrase inserted in the preamble to cover its position, indicating that the King would ratify "in respect of each of the members of the British Commonwealth enumerated below" or as an alternative, the words "each assuming liabilities in respect of itself alone". These proposals were not accepted and South Africa did not sign or ratify the treaty. It now presses for a revised treaty form, and a declaration to the world expanding the favour [*sic*] 1926 statement of the relations of the members of the Commonwealth. The Irish Free State, which is the only government that has commented on the South African proposals, definitely rejects them as being muddled and retrogressive; they contend that regardless of form or the relations of the parties, obligations assumed by the several states of the Commonwealth in a multilateral treaty must apply between them as they do between each of those states and any other party to the Treaty; they also rejected the suggestion for a public declaration. Undoubtedly the Irish position affords a more clear-cut solution. Neither will probably be acceptable to the United Kingdom, though some compromise may be found.

(7) *Desirability of the Dominions assuming liability vis-à-vis each other in connection with certain collective agreements, such as, for instance, Convention for Sanitary Control of Air Navigation.* (South Africa).

South Africa has not given any explanation of this proposal. If it is raising not the constitutional question but a purely administrative one, no difficulty arises. In fact, the Narcotics Treaties entered into at Geneva to which the United Kingdom and Canada are parties (though not South Africa) are applied by the U.K. and Canada, so far as the treaty requirements for exchange of import and export data and certificates, precisely as between any other signatories. In other words, the United Kingdom has in these instances tacitly dropped its objection to *inter se* applicability.

(8) *Desirability of a change in the present system under which the Dominions Office is the channel of communication between United Kingdom Government and the Dominions.* (South Africa)

Here again South Africa has not offered any explanation of its proposal. It may be objecting to the use of the Dominions Office on the ground that its existence may lead outsiders to imagine that in some way the Secretary of State for Dominion Affairs is controlling the policies of the several Dominions. A review of the changes effected in recent years in

(a) the agency established by the United Kingdom in London for dealing with its relations with the Dominions,

(b) the agency established e.g.—by Canada in Ottawa for dealing with its relations with the United Kingdom and other Dominions,

(c) the method of communication between these agencies,

shows a complete transformation of the former arrangements. In London the Secretary for the Colonies has ceased to have anything to do with the Dominions and a separate Minister, the Secretary of State for Dominion Affairs, has been appointed. In Canada and most other Dominions a Ministry of External Affairs has been established. The Governor General has dropped out of the picture so far as channels of communication are concerned and the United Kingdom has appointed High Commissioners in Canada, South Africa and Australia.

It is submitted that no valid objection can be taken to the present system, or at least that no alternative proposal is preferable or feasible,—e.g.

To attach the handling of Dominions Affairs to the Prime Minister of the United Kingdom is not administratively feasible, in the view of the United Kingdom, which must be allowed some voice in its own affairs.

To combine the Foreign Office and the Dominions Office would also be objected to by the United Kingdom and while it has some advantages from a Dominion standpoint has counteracting drawbacks.

To do away with the Dominions Office and let the High Commissioner deal direct with the various United Kingdom departments is contrary to the diplomatic analogy, contrary to the view taken by the Canadian Government on recent occasions, e.g., the Rhineland dispute, as to the part the High

Commissioner should take, and not consistent with the arrangements in force as to the relations between say the United Kingdom High Commissioner at Ottawa and the Canadian Secretary of State for External Affairs.

128.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

[London] May 19, 1937

PRESENT POSITION—NATIONALITY

1. The questions relating to Nationality were raised by the representatives of South Africa and discussed by the Preparatory Meeting on Constitutional Questions (P.M.C.Q.).

2. The status of a British subject will be referred to as the "common status", and the relationship of a person to the part of the Commonwealth to which he belongs will be referred to as Dominion Nationality.

3. The resolutions and conclusions of the Conferences (O.D.L. 1929, and Imp. Conf. 1930) recognize the right of each member to define its own nationals, and also purport to impose the requirement of maintenance of the common status, continued reciprocal recognition of the common status, and consultation and agreement in respect of legislation affecting the common status.

4. The confusion and practical difficulties which have arisen, and which have led to the South African proposals, have been set forth in the South African Mem. and in the Chairman's Note, and in the Note by Canadian Advisers.

In so far as Canada is concerned, they arise largely from the fact that there are many persons who have acquired the common status under the law of Canada (e.g., British Subjects naturalized in Canada), and who have either ceased to be Canadian citizens or who have never acquired Canadian citizenship. Such persons present serious problems, especially in such matters as:

- (a) Passports
- (b) Diplomatic protection
- (c) Immigration
- (d) Deportation

Practical difficulties also arise when British Subjects migrate to Canada, acquire Canadian citizenship, and later migrate to the United States and lose Canadian citizenship.

5. The South African proposals are that the U.K., Australia and N.Z. should each enact laws to establish its own "Dominion Nationality". With proper co-ordination, and recognition of the principle that jurisdiction,

<sup>1</sup> De/by J. E. Read.



diplomatic protection, responsibility and deportation should depend upon "Dominion Nationality" and not upon the common status, the problem would be solved.

6. It seems to be clear that the U.K., Australia and N.Z. are not prepared to adopt this course. The Canadian Advisers, therefore, suggested that consideration should be given to the recognition of four principles, which would enable a member of the Commonwealth, if it so desired, to co-ordinate the status of Dominion Nationality with the common status. These principles are as follows:

(a) it should be open to any member of the British Commonwealth of Nations to make changes in its laws relating to the determination of or the acquisition of the common status, provided that the conditions for the determination or acquisition of the common status complied with the minimum standards contained in the existing legislation.

(b) it should be open to any member of the British Commonwealth of Nations to make any changes in its laws with regard to the loss of the common status by persons who have acquired such status under its laws.

(c) the possession of the common status in virtue of the laws enacted by any part of the Commonwealth in accordance with the principles set forth in the two preceding paragraphs should carry with it recognition of that status under the law of any other part of the Commonwealth.

(d) the members of the Commonwealth which have not enacted laws defining their own nationals should make provision for giving recognition to the position of persons from other parts of the Commonwealth who lose their national status by residence or otherwise within their territory.

It will be observed that the foregoing principles do not purport to prescribe the details of legislation. They merely widen the field within which the Parliament of a part of the Commonwealth may exercise its legislative power and oblige each part to co-operate with the rest of the Commonwealth in maintaining and recognizing the common status. They do, however, make it possible for any Dominion to co-ordinate its own citizenship with the common status and to avoid the practical inconvenience which has resulted from the present confused position.

7. The following suggestions may be noted.

(a) The Canadian representatives should prevent the recording of the *continuing obligation of consultation and agreement* in relation to legislation affecting the common status. The agreement in the resolution of the Imperial Conference 1930 has been broken by the Irish Free State and it is probable that other members will adopt a similar course.

(b) The Canadian representatives should avoid any conclusions prescribing the details of legislation or the details of conditions on which responsibility for nationals should be based. It should be for the

Parliament of Canada and not for the Conference to prescribe the details of a Canadian Citizenship or Naturalization Act. Any action by the Conference should be limited to agreement upon minimum standards for acquiring the common status and reciprocal acceptance of the obligation to accord recognition to the common status and Dominion Nationality arising under the laws of other parts of the Commonwealth.

(c) The South African representatives will press for a declaration that one member (the U.K.) cannot exercise jurisdiction over a person who is a British subject but who does not belong to that member. This course would be logically defensible but it might involve practical inconvenience.

In many foreign countries, e.g., China, Russia, Spain, Turkey, etc. etc., Canadian arrangements for Consular and Diplomatic protection present a difficult problem. We have followed a logically indefensible but practically convenient course. We have acquiesced in the action of British diplomatic missions and British consuls in according protection and exercising jurisdiction on British subjects generally, including Canadian citizens. The Foreign Office has scrupulously respected our position by referring all serious cases in which Canadians were involved to Ottawa.

When changes have been made, e.g., negotiations with Turkey, re Dardanelles, negotiations with Egypt and Siam, re Capitulations, Canada has had the opportunity to participate. Practically, this scheme, which is a *modus vivendi*, has worked well. There is much to be said for letting it continue until Canadian Diplomatic and Consular services have been expanded beyond their present scope.

In any event, a general resolution could not be adopted until after Canada had concluded agreements with all foreign states, except France, the U.S.A. and Japan, under which British diplomatic and consular officers would be authorized to act on behalf of the Canadian Government in all matters which concerned Canadian citizens.

129.

*Discours du Premier ministre à la Conférence impériale, 1937*

*Speech by Prime Minister to Imperial Conference, 1937*

3rd Meeting

London, May 21, 1937

SECRET

FOREIGN POLICY

Mr. Chairman:

The Foreign Secretary's further analysis of the situation in Europe and the Far East has been marked by the balanced judgment and the combination of idealistic principles and frank facing of realities which we have come to

expect from Mr. Eden. His two statements have given us all a much clearer and fuller knowledge of the trends of international policy and the springs of national action, particularly in Europe. I wish to express the Canadian Delegation's warm appreciation of the pains taken by the Foreign Secretary to place before us so fully the position as it presents itself to the Government of the United Kingdom; and also to the full documentation provided by the Foreign Office.

Mr. Eden has disclosed to us frankly both the menacing and the hopeful features in the international situation. He has portrayed powerful and ambitious states under the control of arbitrary and often incalculable rulers, ruthless at home and unscrupulous abroad, carrying on ceaseless intrigue with governments and reckless propaganda among peoples. Small states fearful and uncertain, not knowing where to find security. Armaments mounting to fantastic heights, new depths of fear. The hope of control through the League dimmed for the present. Altogether, an incredible sequel of a war to end war and make the world safe for democracy, (an incredible perversion of the possibilities that modern science has brought within our reach for the enrichment and security of the life of the average man.)

It was made apparent, however, that if there has not been any notable increase in friendliness or goodwill in Europe at least there has been some lessening of tension, some more prudent counting of costs and chances, some approach to an equilibrium of forces. When Mr. Eden turned to the United States he was happily able to report a clear and positive growth of goodwill.

One factor in the improvement in the European situation has undoubtedly been the increasing efforts of the Government of the United Kingdom to lessen tension, to prevent friction bursting into flame, and, when they do burst out, to prevent the flames from spreading. Such a review as we have listened to enables us in some measure to appreciate the burden and the anxiety that rest upon the Government. The effort to localize the Spanish conflict and prevent the ambitions of other states and the sympathies of rival doctrines converting a civil war in Spain, into a civil war in Europe, has been followed with persistence and a greater measure of success than might have been anticipated. The patience of the Government in the face of Italian and German provocation and evasion has been a steady and restraining influence. There also seems little doubt that given the circumstances which had arisen, rearmament by the United Kingdom was justified and that it has checked some of the aggressive programmes of disturbers of the peace. Whether different policies could have prevented the circumstances in question from arising, could have preserved democracy in Germany and friendliness in Italy, is a question which, as the Foreign Secretary has indicated, it is perhaps not profitable now to pursue. Whether a race in armaments can be any more effective in the long run in bringing permanent peace than it has been in the past, and what will be the economic effects of the eventual ending of the stimulus and diversion of industry which armament orders involve, are more practical questions which undoubtedly have been receiving the anxious consideration of the Government of the United Kingdom.

## CANADIAN POLICY

I think the most useful contribution I could make to the discussion at this stage would be to give some review of recent Canadian relations with foreign countries, and some indication of the trend of Canadian opinion on foreign policy.

With *European* countries our relations continue to be chiefly commercial. Since the present administration came into office a year and a half ago, there have been discussions with France, Poland, Germany, Italy, the Netherlands and Switzerland on trade and tariff questions. I shall not refer to these discussions, which had no political significance. I may, however, refer to trade relations with other countries, particularly the Soviet Union and Japan, in so far as these relations had certain political implications. In both cases, the view of our government was that the best contribution Canada could make to the furthering of world peace was to remove, so far as it lay within our power, any economic grievances or sources of friction. This was the main motive in our decision to end the trade war with the Soviet Union. In 1931, Canada had placed an embargo on the importation of Soviet products, including coal, pulpwood and furs, and the Soviet Union had at once retaliated by embargoing imports of all Canadian products. Following informal discussions in Moscow, these embargoes were both withdrawn simultaneously in September of last year.

The same policy was followed in the case of Japan. Our relations with Japan have been commercial in character, but were at one time of sufficient acuteness to take on political implications. When the present administration took office, it inherited a serious tariff conflict. Japan, complaining that the great disproportion between her imports from and her exports to Canada was due to discrimination in the valuation of Japanese goods and in the assessment of the exchange value of the yen for duty purposes, had imposed a prohibitory supertax on half Canada's exports. The Canadian Government had retaliated by imposing a surtax on all imports from Japan. The Japanese complaints were in the main without foundation, the disproportion in the trade being obviously due to the free play of commercial forces, and the convenience to Japan in obtaining from Canada some of her requirements for the raw materials of her industry. There was, however, some ground for complaint regarding Canadian valuation and anti-dumping procedure. The present administration had previously committed itself to a modification of this procedure as part of its general trade policy, and the implementing of these undertakings made it possible incidentally to affect [*sic*] a satisfactory agreement with Japan and bring the tariff conflict to an end. Practically all special valuations have been abolished on imports from Japan as well as from all other countries; provision was made for the periodical revision of the exchange value of the yen. Some Canadian textile establishments claimed the result would be disastrous and dismissed their workers; the government immediately appointed a Royal Commission to inquire into the practices and profits of the textile industry; its inquiry though not completed, has revealed

a condition quite the opposite to that alleged, and all establishments are still doing business. Incidentally the proportion between exports and imports in the trade with Japan has not materially altered since these tariff adjustments.

*On the American continents*, our relations with the Latin American countries continue to be limited and occasional. The chief question of general interest has been the discussion of the advisability of Canada joining the Pan-American Union. Intimations have been given at different times from Latin-American sources that if Canada wished to become a member, a formal invitation would be extended. Until recently there has not been much interest in Canada in this possibility. The proceedings of the Union were considered to be largely rhetorical and there was ground for believing that some Latin American countries wished Canada's membership to join mainly to assist in providing a counterpoise to the overwhelming weight of the United States. Of late, however, the more definite character of the discussions at the Montevideo Conference and particularly the special Peace Conference at Buenos Aires, has aroused greater interest. The United States, apparently aware of the Latin-American attitude, some time ago intimated that while it did not wish to suggest adherence or express any opinion upon its advisability, it would be glad to support Canada's membership if we desired to enter. Recently we have received a more positive expression of hope that Canada might find it possible to participate in future Conferences. The question is one which will likely come before the Canadian government for definite consideration within the coming year.

With the *United States*, the chief specific subject of government discussion has been the Trade Agreement concluded under the powers granted the President by Congress. Under this agreement, Canada secured substantial tariff reductions on a considerable range of natural as well as a few manufactured products while continuance of free entry was guaranteed on other exports. Canada in turn granted the United States its intermediate tariff and reductions below that level on some eighty items. In no case were concessions made by raising duties against other countries, and care was taken by Canada to prevent any concessions being made which would appreciably affect any United Kingdom export. Express reservation was made by Canada of the advantages accorded to any other member of the British Commonwealth of Nations, while a United States reservation recognized its special relationship with Cuba and the Philippines. Accompanying the agreement was a statement by the Canadian government of its proposals, since carried into effect, for liberalizing customs administration and valuation procedure.

While the agreement was duly criticised by farm organizations and Republican party representatives in the United States, it received overwhelming support in both countries. It has definitely stimulated trade of a complementary character between the two countries, and what is equally important, it has reversed the long trend of United States policy in raising tariff rates to prohibitive heights, and removed much of the irritation and hostility

which this policy had created in Canada. A further agreement was contemplated, but no steps have been taken to discuss an extension.

The St. Lawrence Waterway negotiations have not yet resulted in action. In the United States the treaty negotiated under previous administrations just failed to secure the necessary two-thirds majority in the Senate as the result of opposition from Mississippi and railway and Atlantic port interests. In Canada, the transportation and the power development features of the proposal have met with opposition as well as support; the government, in view of past experience, has taken the position that it will not bring a treaty before parliament until it has been approved by the United States Senate. Discussions have recently been carried on as to the possibility of revising the existing treaty, to cover other Great Lakes and Niagara issues as well, but no conclusions have been reached.

I need not do more than refer to the countless and varied questions which necessarily arise for settlement between two countries with a common frontier of nearly three thousand miles,—from claims by the United States Treasury against Canadian distillers for \$80,000,000 duties and fines on whiskey conveyed into the United States during the alleged dry era, claims by farmers south of the border for heavy damages for injuries resulting from the operation of a smelter just north of the border—now being arbitrated with a Belgian jurist as chairman—or cooperation in the preservation of salmon and halibut fisheries, to the adjustment of company taxation difficulties or the troubles of a farmer whose cattle have wandered across the boundary without paying duty. I should refer to the continuing value of the International Joint Commission in dealing with difficult boundary questions, to power and navigation and irrigation uses of rivers crossing and often re-crossing the boundary line. The exchange of diplomatic representatives between Ottawa and Washington has not only facilitated the settlement of specific issues; it has in very great measure been responsible for the removal of misconceptions and the growth of the present cordial relations.

Especially noteworthy was the visit of the President of the United States to Quebec last summer, which was returned by the Governor-General in a visit to Washington in April and a visit by myself in March of this year. These exchanges gave an excellent opportunity for the expression and the further development of neighborly good will between the two countries.

It is, however, the general question of our relations with the United States, and the bearing of our geographical position upon our outlook on foreign policy that I especially wish to note. As with every other country, our outlook must be largely shaped by our geographical position and by the complex of past traditions and present relations that arise out of the contacts with neighbors. It is true that in the case of Canada this factor is only lately coming to have its full effect. When first thrust into the international arena, our attitude was that of a spectator with little recognition of direct interest in the outcome, or of the necessity of forming our own conclusions upon the situation. We were accustomed to take our views at second hand,

views frequently based on conditions quite different from our own. Even in our participation in League of Nations affairs, there was a tendency to regard Geneva as an automatic force that worked mysteriously and ideally. Recently, however, a more responsible and direct interest has developed, with some greater approach to the realistic appreciation of forces and interests which characterizes more experienced and mature countries.

In this more realistic approach, our own geographical situation and the economic and political interests and strategic implications that derive from it play an increasing part.

We are fortunate, as I have elsewhere put it, alike in our neighbours and in our lack of neighbours. No country, wherever situated, could consider itself as detached from the world under present conditions; certainly not a country whose place as fifth in the total of world trade reflects the measure of its economic interdependence. But it is one thing to be a small country in a continent like Europe, with powerful and often aggressive neighbours on every side, and with inherited grievances and aspirations, and quite another to be in a new continent with three thousand miles of ocean on the east and five thousand on the west, and only polar bears on the north. It follows that our outlook is conditioned in special degree by our relations with our one great neighbour to the south.

Fortunately our relations with the United States are extraordinarily intimate and friendly. That is true of the relations between the individual citizens of the two countries. Intercourse is easy and extensive beyond any parallel; the use, for the most part, of a common language simplifies travel, and increases the effect of press and radio contacts; business dealings are everyday affairs and the motor car has tremendously stimulated travel on both sides of the border. The people of the United States have a high opinion of the standards of public life, of judicial procedure and of social stability which we have inherited from the mother country, an opinion which the facts do not always justify.

It has not always been true that this individual friendliness found a counterpart in the relations between governments. There have been times when parochial politicians and protectionist practices made the attitude of the Washington administration far from friendly or considerate, and when on our part resentment against these policies and a lingering irresponsible jingoism resulted in a certain aloofness or antagonism. But that situation has completely changed. Recent Washington Administrations have been as friendly and sympathetic to the Canadian point of view as human nature permits.

It is, therefore, not surprising that this relationship results in Canada being relatively free of apprehension as to invasion or attack from any quarter. The possibility of attack by the United States itself has, of course, long been regarded as inconceivable, and it is given no more thought than the possibility of war between England and Scotland. But it is only recently that it has become clear that the United States would intervene in the event of any

attack upon Canada by any foreign power, of course not for our sake mainly, but for its own protection. Public reference to this attitude has recently been made by President Roosevelt at Quebec and at Rio de Janeiro, and in private discussions it has been made more explicit. Naturally this applies to unprovoked attack by a foreign power on Canada; the attitude of the United States in the event of our participating in a general conflict is a question that involves other factors, and could not easily be stated without qualification or condition. It is also clear that Canada could not acquiesce in such a policy on the part of the United States unless we ourselves made a reasonable effort to protect our shores in case of attack or to carry out the obligations of a neutral in the event of war between the United States and a foreign country to which Canada was not a party.

I should not, however, like to give the impression that our juxtaposition to the United States always works to our advantage. On the contrary, our close relationship with a country so powerful and directed by so many diverse and often irresponsible forces creates special difficulties from which other countries are free. The difficulty does not arise from the quarter from which it is sometimes considered by outside observers it might come. Such observers frequently refer to the large investment of United States capital in Canada as carrying with it a corresponding measure of political control or influence. Of this, there has been no sign whatever. More substantial is the possibility of industrial repercussions from United States labor disputes. The increasingly aggressive tactics of the newer industrial unions in the United States has led to attempts to extend their organization to Canada, under threats, for example, from automobile unions to hold up shipment of parts or from longshoremen's unions to prevent the unloading of vessels loaded by rival organizations. The possibility of repercussions, both industrial and political, in the event of war, must very definitely be taken into account.

There is an important development in the foreign policy of the United States since the last Imperial Conference to which I ought to refer—one which may turn out to be of great general significance and which, because of our geographical position, may have a special kind of significance for Canada. I mean the so-called Neutrality or Peace Act of the United States.

As members of the Conference are aware, the United States Neutrality Act was first enacted in 1935 as a temporary measure; then in the winter of 1936 it was renewed, with additions, for a further year; and last month, on the eve of its expiry, its most significant features were made a part of the permanent law of that country.

From the point of view of other countries who go to war, the most significant result is that the United States will be definitely closed, first, as a source of supplies of arms, ammunition and implements of war, and, secondly, as a source of new credits or funds for carrying on war. There is no discretion about these restrictions; they are completely mandatory, coming into operation on the outbreak of war anywhere, and they apply without distinction to all who may become involved as belligerents in the war. As regards



the money embargo, however, the President may except ordinary commercial credits in aid of legal transactions as customarily used in normal peace-time commerce.

These restrictions have now, in the latest enactment, been extended to cases of civil strife—the money embargo absolutely, the arms embargo at the President's discretion, depending on the magnitude and dangers of the case. In the Spanish case these restrictions have in fact been put in force.

Other permanent restrictions may be mentioned, namely, the prohibition of United States vessels carrying arms to any belligerent, or the use of any United States port as a base to supply belligerent war vessels, or travel by United States citizens on vessels of belligerent countries, or the arming of United States merchant vessels, or (at the President's discretion) the entry of foreign submarines or armed merchantmen into United States ports or waters.

To these now permanent measures, the Congress on April 30th added a new temporary measure,—the so-called "cash and carry" section. It provides for the control of other articles and materials than arms, ammunition and implements of war. It is capable of covering every conceivable commodity or raw material in that country. But its application is discretionary with the President—he is to apply it only if he thinks it useful to promote the security or peace of the United States—and he has complete latitude as to the nature and extent of the list of materials. A proclamation by the President under this section would have two results; first, to prevent United States vessels from carrying any listed material to a state at war or in civil strife, and, secondly, to prevent any belligerent agency from getting such listed materials unless it paid cash and arranged for their carriage from the United States and accepted title to them before export.

This section, having produced a good deal of controversy, was enacted only for two years, that is, until May 1st, 1939.

A feature of some significance is that this "cash and carry" section enables the President to make certain exceptions in the case of countries bordering on the United States, that is, Canada and Mexico. We are advised that this is designed to permit the continuation of *normal* trade with Canada should Canada become a belligerent, such trade being carried on by railway, motor truck and Great Lakes shipping—though there could be no exception as regards traffic in the listed materials carried by sea between U.S. and Canadian ports on the Atlantic or Pacific.

The words of this provision are: "except under such limitations and exceptions as the President may prescribe as to lakes, rivers and inland waters bordering on the United States, and as to transportation on or over lands bordering on the United States." It is to be borne in mind that exceptions in favour of Canada can only be made under this general commodity section and that it is designed to cover only normal trade, not special wartime activities. There can be no such exception in the case of either the arms or the money embargo.

Whatever may be the fate of the temporary "cash and carry" section when it comes up for reconsideration in 1939, there remain the other sections, which, hitherto only temporary, have now become permanent law.

For Canada they would in the event of their enforcement present a special kind of problem, for it seems not unlikely that attempts would be made to use our territory as a field of evasion and, if the evasions reached a noticeable degree of magnitude, resentments and difficulties might arise which would need careful handling on the part of the two governments. This kind of difficulty might arise whether Canada was neutral or belligerent.

But while this particular problem of possible evasions may have a special importance for Canada, there remain the wider implications and significance which this measure must present to all countries at this juncture of human affairs.

In the first place, public discussion in the United States has not overlooked the circumstance that, while the legislation may in certain eventualities be unwelcome to all possible belligerents, yet those to whom it must be least unwelcome are those Powers which have a certain control of sea communications, which have a large merchant marine at their disposal, and which have the largest available sources of ready money and credits in the United States at their command. Indeed, some critics in that country have characterised the measure as amounting to an Anglo-American alliance.

But, on the other hand, considering the definite, permanent embargo on arms, ammunition and implements of war (a very comprehensive embargo in itself) and the further permanent stoppage of war credits—the money embargo being what some Senators called "the master embargo of all"—and recalling the experience of 1914-18, it seems evident that this development must be of great significance to all countries who have to take account of such movements of power.

It would be unsafe to dogmatise about it. The debates showed that the Congressional leaders were aware that peace cannot be guaranteed by legislation, and that in the event of war breaking out the country might in the end be drawn in. But in its present form the legislation is no flash in the pan. It is the result of prolonged discussions in that country extending back at least to the days of the Kellogg Pact. The latest phase—the actual legislative phase—has covered now three sessions of Congress. While controversy still remains as to some features—for example, the "cash and carry"—yet on the important permanent features which I have described, there seems to have developed finally a fairly general agreement between the decisive, managing minds on both sides in Congress.

So that the only safe calculation is that in the event of war breaking out in Europe or Asia these features will come into operation immediately and that they will only be dislodged on a plain showing that the interests of the United States require an alteration. And it may well have to be envisaged that the only conditions that would bring about such an alteration would be

conditions that would in fact bring the United States itself into the war on one side or the other—in which case this kind of legislation would go by the board and be replaced by war legislation.

As for what is behind it all a good deal has been said. It seems important to attempt to understand the development. It would, I feel, be a great mistake to regard it as thoughtless or necessarily short sighted. It represents a tradition which goes back to the earliest settlement of the United States. This tradition was broken by their participation in the Great War, but in recent years they have again become intensely skeptical of the wisdom of military intervention overseas. As a people they were never convinced of the workability of the League of Nations in its "collective security" or "sanctions" aspect. There is, however, in high administrative circles in Washington, a belief that if the sanctions and status quo articles (16 and 10) were removed from the covenant, it might be possible to bring the people of the United States to agree to accept membership in a league in which the emphasis would be placed on inquiry and conciliation and the effects of an informed world opinion.

Failing this possibility, the political leaders of the United States have been driven to the alternative represented by the neutrality legislation. So far as the Administration at least, as distinguished from Congress, is concerned, it is not the only alternative policy. Both the President and the Secretary of State are firmly convinced of the value and possibility of a policy of economic appeasement as a constructive means of lessening political tension. Their reciprocal tariff policy is a step in this direction; exchange and gold policies have been given a similar trend; and the Administration, as is well known, is casting about for possible methods of wider world co-operation in the economic sphere.

There is another aspect of our geographical position which is of serious and increasing concern to us. Canada itself is half a continent, and covers an area larger than Europe. It has only eleven million people. Of these, over ninety per cent are congregated in a narrow strip less than 200 miles wide adjoining the United States border, though mining development in the north is steadily giving us breadth as well as length. In this long and narrow strip, nearly 4000 miles long by a few hundred wide, we have not only marked diversity of racial origins but marked diversity of economic interests, so concentrated as to establish four or five areas fairly homogeneous and united in themselves but each differing from the other areas in preoccupation and outlook. In Europe, I may observe, the task of reconciling the divergent interests of a continent is a foreign affairs question, in which other countries are expected to take an interest. In Canada a similar, though of course a simpler, continental task, is an internal affairs question, which we have to solve ourselves.

At the best of times it is not easy to work a federal system—and any other is inconceivable—in conditions of such diversity. As I have already briefly indicated in the Plenary Conference, the strains and stresses of economic

depression and unemployment are to-day making the task doubly difficult. In several provinces depression has developed or transplanted new social gospels and given an opportunity for leaders more given to rash promises than most politicians. Unfortunately some of their chickens come to roost on federal doorsteps. Even at Canada's distance, the rival ideologies of which the Foreign Secretary has spoken, have some influence, at least to the extent of importing new suspicions and new bitterness into labor disputes, and providing a new arsenal of epithets for hard-pressed provincial politicians. Friction results from the uncertainty as to the responsibility for the relief measures and social legislation required to cope with new conditions. There has been a marked tendency on the part of provincial authorities to stretch old powers and assert new ones, to demand federal aid and reject federal control. Members of the Conference may have noted in this week's press despatches a report of a speech by the premier of one of the larger provinces in his legislature, emphatically declining to accept federal accounting for the large special grants which the federal treasury has been making to aid the provinces in meeting the burden of unemployment and relief; the speech ended with the declaration that if Ottawa wanted war it would have war. I need hardly add that Ottawa does not want war, internal or external, and that we were unaware that to grant millions of subsidies was tantamount to a declaration of war.

I am not asking members of governments, each of which has its own full quotas of troubles, to give consideration to ours. It is our task to find a solution, and I have no doubt that given peace and a reasonable measure of economic prosperity, we shall be able to do so. But there is one aspect of this task of maintaining national unity that is of importance beyond our borders, and that is the imperative necessity of avoiding, if at all possible, the further strain that would be involved by present controversy as to participation in overseas wars or commitments so to participate.

As to participation in League sanctions operations, there is not a sufficient difference of opinion to create any special difficulty. Such differences as exist are not sectional or racial. Canadian opinion has from the beginning been overwhelmingly in support of the League's objectives, and great hopes were based on its efforts. There was, however, always a difference of opinion as to the means to be adopted for attaining those objectives. The predominant view from the beginning was that the path of conciliation and co-operation, not the path of sanctions and defence of the status quo, should be followed. In Sir Robert Borden's protest against article 10 before the Covenant was signed, in the early efforts of Canadian delegates to have that article removed or revised, in the position taken on the Protocol of Geneva and in various official pronouncements later, this view was adopted by every Canadian administration since the war; it is no new development. In the Abyssinian dispute public opinion supported giving the method of sanctions a fair trial in what appeared the most favourable conditions possible for the experiment. Disillusionment followed. There are still elements which favour a policy of collective sanctions, but they are in a minority; in some cases their support

is based upon a desire to turn the League into an anti-fascist alliance. There is no question that public and parliamentary opinion at present is emphatically against any interpretation of League policy which would involve automatic sanctions.

As I stated at Geneva last September:

There is general concurrence (in Canada) in the view which has been expressed by leaders of all political parties since the beginning of the League, that automatic commitment to the application of force is not a practical policy. Successive Canadian governments have opposed the view that the League's central purpose should be to guarantee the territorial status quo and to rely upon force for the maintenance of peace . . . What I have said does not mean that in no circumstances would the Canadian people be prepared to share in action against an aggressor; there have been no absolute commitments either for or against participation in war or other forms of force. It does mean that any decision on the part of Canada to participate in war will have to be taken by the parliament or people of Canada in the light of all existing circumstances, circumstances of the day as they exist in Canada, as well as in the areas involved.

From that view no dissent was expressed in the session of parliament recently ended.

We do not deny the attractiveness of the conception of a world united to prevent by force a breach of the peace, and so united as to make any risk of challenge or actual resort to war impossible. But as we have declared both in our own parliament and at Geneva, we do not consider that such a conception bears any relation to the actualities of today. The lack of universality, the failure of members of the League even to attempt to enforce the coercion provisions when the conflict was far from Europe's shores, the failure to carry out the pledges of disarmament or attempt to apply article nineteen, make it impossible to regard article 10 or article 16 as having any real validity. We have taken the view that this situation should be frankly recognized. In connection with the proposals for the reform of the Covenant, which have been objectively reviewed for us, we came to the conclusion reached by the Foreign Secretary that in the present diversity of opinion no substantial amendment of the Covenant is now possible. But, before last September's Assembly, we pointed out:

The powers and duties of the League develop by usage and experience as well as by explicit amendment. What its members will and will not do can be read more clearly from what they have done and not done than from the text of the Covenant. What is now called for is to register in the light of actual facts the position which has developed during sixteen years of League history by the interpretations given and the action taken or not taken as occasion for decision arose.

It remains to be seen whether it will prove possible to secure an interpretive resolution.

In any case we have registered our own interpretation in that sense.

May I at this point refer to the question of recognition of an Ethiopian delegation, which may come before the special Assembly next week? Certainly, as the Foreign Secretary has said, there can be no question of withdrawing the League's condemnation of Italy's aggression. But neither is

there now any possibility of saving her victim. Any such hope passed with the breakdown of Ethiopian resistance more than a year ago, and the unwillingness of any members of the League which were in a position to make their action effective, to resort to war to dislodge Italy from the position she had then secured. The League has failed and Ethiopia has perished. When the substance is gone, I can see no merit in clinging to the form. We may save our own reputation for consistency but we cannot save that hapless country. It is not a question upon which Canada would take any initiative, but if the question is raised, we could not, as at present informed, see any valid reason for refusing to recognize the *de facto* situation.

It is when we pass from the question of League to Empire war relations that we touch a really vital issue and face the possibility of definite cleavage. It is an issue on which there has been wide and serious discussion, particularly since the intensification of European unrest and the fading of the hope that the League might solve the problem of Commonwealth war-time relations. There are many forces which would make for Canadian participation in a conflict in which Britain's interests were seriously at stake. There would be the strong pull of kinship, the pride in common traditions, the desire to save democratic institutions, the admiration for the stability, the fairness, the independence that characterize English public life, the feeling that a world in which Britain was weakened would be a more chaotic and more dangerous world to live in. The influence of trade interests, of campaigns by a part of the press, the legal anomalies of abstention, the appeal of war to adventurous spirits, would make in the same direction.

On the other hand, opposition to participation in war, any war, is growing. It is not believed that Canada by itself is in any serious danger. It is felt that the burdens left by our participation in the last war are largely responsible for present financial difficulties. There is wide impatience, doubtless often based upon inadequate information, with the inability of Continental Europe to settle its own disputes. The isolationist swing in the United States, its renunciation of war profits and neutral rights in order to keep out of war, have made a strong impression on Canadian opinion. In some sections of the country opinion is practically unanimous against any participation in either a League or a Commonwealth war. There is outspoken rejection of the theory that whenever and wherever conflict arises in Europe Canada can be expected to send armed forces overseas to help solve the quarrels of continental countries about which Canadians know little, and which, they feel, know and care less about Canada's difficulties—and particularly so if a powerful country like the United States assumes no similar obligations. No policy in Canada is more generally accepted than that commitments of any kind, involving possible participation in war, must have prior and specific approval by parliament. The statement I made last year, that "the Canadian parliament reserves to itself the right to declare, in the light of the circumstances existing at the time, to what extent, if at all, Canada will participate in conflicts in which other members of the Commonwealth may be engaged", was not questioned by any party in parliament.

It is certain that any attempt to reach a decision, or take steps involving a decision in advance, would precipitate a controversy that might destroy national unity without serving any imperial interest, and that the decision given on an abstract issue in advance might be quite different from the decision taken in a concrete situation if war arose. That situation explains why the increased defence preparations, which the Canadian government decided to recommend at the recent session of parliament, and which my colleague, the Minister of National Defence, will review at a later session, were definitely stated to be for the defence of Canada, why even so they met with wide opposition, and why no party in the House proposed preparations for operations overseas.

I shall not attempt to forecast what the decision would be in the event of other parts of the Commonwealth actually being at war. Much would depend upon the circumstances of the hour, both abroad and at home—upon the measure of conviction as to the unavoidability of the struggle and the seriousness of the outlook, and upon the measure of unity that had been attained in Canada.

That is not the least of the reasons why we consider peace so vital for the preservation of the unity of the Commonwealth as well as of Canada.

130.

*Le procès-verbal, la Conférence impérial, 1937*  
*Minutes of Proceedings, Imperial Conference, 1937*

Eighth Meeting

London, May 27, 1937

SECRET

...  
MR. DUNNING thanked Mr. Runciman for his characteristically lucid and complete statement. It might be helpful to the Principal Delegates if he (Mr. Dunning) indicated the course of recent events in Canada in regard to trade matters.

The trade policy of the Canadian Government was very similar to the policy of the United Kingdom Government as explained by Mr. Runciman. The Canadian Government had endeavoured to encourage and develop Canada's trade with *all* countries and in so doing had tried to remove the impression that the policy underlying the Ottawa agreements was one of exclusion and that the principle of Imperial Preference involved the creation of difficulties and obstacles to trade with countries outside the Commonwealth.

The present Canadian Government had only been in Office for eighteen months but in that time much had been done. The Canadian Government

were in full agreement with the suggestion which Mr. Baldwin had made in his opening speech at the Ottawa Conference, namely, that the best way of giving increased preference was to lower tariffs between different parts of the Commonwealth rather than to raise tariffs against countries outside the Commonwealth.

The first step which the Canadian Government took was to negotiate a trade agreement with the United States. This was a matter of very great importance having regard to the fact that Canada and the United States had a common land frontier of 3,000 miles, the inhabitants of each side of which lived in the closest commercial and other relations. As was well known, the Canadian tariff was one of three stages, the first covering the countries entitled to the benefits of imperial preference, the second covering those countries with which Canada has made special trade agreements and the third (the General Tariff) applicable to the remaining countries. For many years the United States had been on the General Tariff. The negotiations in 1936 had resulted in an agreement satisfactory to both countries and represented the first important breach in that system of economic nationalism from which the world was suffering so much to-day. By this agreement Canada's imports from the United States had been removed from the General Tariff to the Intermediate Tariff and in return Canada had obtained valuable trading concessions from the United States. Mr. Cordell Hull attached very great importance to this agreement which he regarded as one of the major features of his policy up to date. The agreement had also resulted, by reason of its "most-favoured-nation" provisions, in considerably improved trading relations with a number of foreign countries. At the same time the agreement in no way impinged upon the trading arrangements which Canada had with other members of the Commonwealth and in particular the provisions of the Ottawa Agreements were not affected by it. When the present Canadian Government had taken office a tariff war was jeopardising Canada's trade with Japan. Difficulties had arisen in the course of the negotiations, but these had been overcome and Canada's trade relations with Japan were now friendly and normal. The position was very much the same in regard to the Soviet Union. When the present Canadian Government took office Canada's trade with Russia had virtually ceased but now like other parts of the Commonwealth Canada had friendly and normal trading relations with that country.

With regard to Germany, the position had been very difficult, particularly in regard to the arrangements for securing payment for Canadian exports to Germany. He could not say that he was either gratified at or satisfied with the payments agreement which had been established, the objections to which had been so clearly stated by Mr. Runciman, but at all events the step which had been taken was in the right direction, and it was to be hoped that as time went on Canada's trade with Germany would develop satisfactorily.

The next important step which had been taken by the present Canadian Government had as its object the termination of the United Kingdom-Canada



Ottawa Agreement. Canada desired that her trading discussions with the United Kingdom should be conducted on a bilateral basis. So far as Canada was concerned there was now no Ottawa Agreement with the United Kingdom. The trade Agreement between the United Kingdom and Canada made last year was a very great improvement on the Ottawa Agreement which it had displaced. In particular this was so as regards the changes which had been made in the guaranteed margins of preference. It had been found that the guaranteed margins under the United Kingdom-Canada Ottawa Agreement had drastically restricted Canada's trade with certain foreign countries in regard to a number of commodities. While the guaranteed margins of preference had been greatly reduced in the new Agreement, the principle of preference itself had been continued, and indeed intensified. One of the principal features of the new Agreement was that it greatly facilitated the making of Trade Agreements with foreign countries.

The policy of the Canadian Government was, as he had indicated, to conclude bilateral agreements, but in the case of the new United Kingdom-Canada Agreement it had been found possible to extend to the other members of the Commonwealth the benefits which had been given to the United Kingdom by that Agreement. The only difficulty which had arisen in this connection related to India, which still continued to treat Canada in trade matters as a foreign country notwithstanding that Canada had always extended to India the full benefits of arrangements which she had made with the rest of the Commonwealth. He hoped, however, that these and any other difficulties would in the course of time be eliminated as the result of the policy of bilateral negotiations which Canada had now adopted.

On behalf of the Canadian Delegation he wished most cordially to thank the Governments of the Commonwealth of Australia and New Zealand for the very kind reception which they had given to the Canadian Minister of Commerce on his recent mission to negotiate a trade agreement with Australia. He (Mr. Dunning) was confident that it would be found possible to reach satisfactory and amicable arrangements. On the lines on which Canada was now working it was hoped that it might be found possible to secure a reasonable maximum of inter-Imperial trade, and at the same time encourage the development of trade with countries outside the Commonwealth which were so essential if appeasement of the world trading situation was to be secured.

As regards the negotiations between the United Kingdom and the United States to which Mr. Runciman had referred, it was not of course possible to say what Canada's view would be until the documents which Mr. Runciman had promised to circulate had been examined. Speaking generally, however, Canada attached the greatest possible importance to the improvement in the relations between the United Kingdom and the United States, and she was confident that anything which could be done to assist and maintain that improvement would be of the greatest possible advantage, not only to the Commonwealth, but to the whole world. . . .

131.

*Mémoire**Memorandum*

[London] June 14, 1937

## PRÉCIS OF THE REPORT OF THE IMPERIAL CONFERENCE

The Report consists of 21 chapters and 3 appendices. The appendices include the list of advisers, secretaries, etc; the opening statements and the concluding statements.

A précis of the more important sections of the Report follows:

*I. General Review of the Progress of Empire Trade and Allied Questions*

The outstanding feature of the trade discussions was the emphatic desire expressed by all delegations that all practical steps should be taken to secure the stimulation of international trade. It was recognised that in the last resort the prosperity of the countries of the Commonwealth depends on that of the world as a whole and that a healthy growth of international trade accompanied by an improvement in the general standard of living is an essential step to political appeasement.

There was, during the Conference, a valuable interchange of views on economic questions of general concern in which all delegations participated. In this interchange reference was made to a number of recent encouraging developments in the economic sphere and the Conference expressed the hope that every effort for the promotion of international trade would be maintained and encouraged. Examples of such efforts cited were:

1. The Tripartite Monetary Agreement of September, 1936.

2. The informal investigations of the Belgian Prime Minister as to the possibility of securing relaxations of quotas and other obstacles to international trade.

3. The steps taken by the United States Government in this connection.

Reference to international trade problems was also made in the section of the Report devoted to Foreign Affairs, where it was stated that to assist in restoring confidence and increasing the stability of economic and financial conditions in the world, the Governments represented at the Conference were ready to co-operate with other nations in examining current difficulties including trade barriers and other obstacles to the increase of international trade.

It had been agreed that questions arising out of the Ottawa Agreements could best be dealt with as occasion offered in separate discussions between the individual Governments concerned and apart from the Conference, and there was accordingly no discussion on matters of detail affecting trade between the different parts of the British Commonwealth of Nations.

## II. *Foreign Affairs*

The question of Foreign Affairs was discussed at meetings of the Principal Delegates. The Secretary of State for Foreign Affairs, on behalf of the United Kingdom Government, gave a comprehensive review of the general international situation including the League of Nations, the European situation and the Pacific and the Far East. The Dominion Prime Ministers also reviewed the foreign policies of their respective Governments. A full and frank discussion followed these reviews, the results of which were recorded in a statement which appears in the Report.

This statement stressed the fact that no attempt was made at the Conference to formulate commitments which in any event could not be made effective until approved and confirmed by the respective parliaments. It was found, however, that the Governments concerned were in close agreement on a number of general propositions. Among these were the preservation of peace as the first objective of national policy and the settlement of differences between nations by co-operation and conciliation and not by force. It was further emphasised that armaments of Commonwealth nations would never be used for purposes of aggression or for any purpose inconsistent with the Pact of Paris and the Covenant of the League of Nations. The delegations were united in the view that the strengthening of the League by increasing its membership would be facilitated by the separation of the Covenant from the Peace Treaties. It was also agreed that if a pact of non-aggression by the countries of the Pacific could be brought about, it would be a desirable contribution to the cause of peace and that to this end, it should be the subject for further consultation between Governments.

The desirability of obtaining as wide a measure of disarmament as possible was reaffirmed, but at the same time it was felt that the various Governments of the Commonwealth were bound to adopt such measures of defence as they might deem essential for their own security as well as for the fulfillment of such international obligations as they might respectively have assumed.

The Governments declared their intention of continuing to consult and co-operate with one another with a view to furthering the cause of peace. The members of the Conference, while themselves firmly attached to the principles of democracy and to parliamentary forms of Government, registered their belief that differences of political belief should not exclude friendly relations between Governments and countries and that nothing would be more damaging to the hopes of international appeasement than the division, real or apparent, of the world into opposing groups.

## III. *Defence*

The Conference recognised that it was the sole responsibility of the several Parliaments of the Commonwealth to decide the nature and scope of their own defence policies. At the same time, the opportunity to review the defence

situation in each country represented was welcomed and consideration was given to ways in which it would be possible for the Governments concerned to co-operate in measures for their own security.

The United Kingdom Government's review of Defence policy referred to the events which had led to the adoption of their rearmament programme. In this connection, the Conference noted with deep concern the development of international tension since 1930 and the rapid increase in armaments of all the principal powers. Though it was recognised that conditions did not at the moment seem favourable to further progress in the limitation of armaments, the Conference felt that negotiations for such limitation should be proceeded with whenever there was a reasonable prospect of success.

The United Kingdom's review also dealt with further developments in the organisation of the Committee of Imperial Defence, and with the increasing importance of the industrial side of defence. Reference was also made to the steps taken to safeguard maritime communications and to afford protection to the population of the United Kingdom against attack by the strongest air force within striking distance of their shores.

The Canadian delegation informed the Conference of the developments in the Canadian defence forces from 1926 to the present time. After considerable reductions in 1931 increased appropriations had recently been made for the Defence services of the Dominion. The strength of the Canadian naval and air forces had been increased, the militia had been completely reorganised and a policy of modernisation and mechanisation of equipment had been adopted. The industrial aspect of defence preparations had received close attention and a Committee of the Cabinet had been appointed to maintain active supervision of defence problems.

The defence organisation of Australia was outlined by the representative of that country. It was based on the acceptance of responsibility for local defence; the maintenance of adequate forces for that purpose and the development of co-operation in defence matters between the several parts of the Commonwealth.

The New Zealand representative emphasised the interest of his government in close co-operation in defence matters with other parts of the Commonwealth. The South African delegate mentioned that the defence expenditure of his government had increased almost threefold since 1932-33.

The Conference noted that in accordance with recommendations of previous Conferences, the system of defence organisation, training, equipment, etc., of the various countries of the Commonwealth was sufficiently uniform to ensure more effective individual security and to permit mutual co-operation wherever the respective governments so decided. In this connection, it was felt that security was increased by co-operation between the governments of the Commonwealth in such matters as the free interchange of information concerning the state of their naval, military and air forces.

The Conference considered carefully the question of the supply of munitions, raw materials, food and feeding stuffs in time of emergency. It was impressed with the value of the free interchange of detailed technical information on these matters and recommended that such interchange should be continued between technical officers of the Governments concerned. At the same time it was made clear that any questions of policy arising in connection with any such technical discussions would be submitted to the respective Governments for decision and that each Government reserved its complete freedom of decision and action.

#### IV. *Colonial Affairs*

The Secretary of State for the Colonies reviewed the affairs of the Colonial Empire during recent years. He felt that the main political problem was still the relationship between natives and non-natives in many territories following the growth of education and the awakening of political consciousness. Special reference in this connection was made to the present difficulties in Palestine. Both the Colonial Secretary and the Indian delegate stressed the necessity for an equitable solution of this problem.

Dealing with the economic progress of the Colonial Empire, the Colonial Secretary emphasised the complementary and non-competitive aspect of trade between the Colonies and the rest of the Commonwealth. As an example of this, he cited the increasing trade between Canada and the British West Indies and expressed the hope that the Canada-West Indies trade agreement would be renewed when the present period of its operation expired. In reply to this the Canadian representative observed that he was not pessimistic about the possibility of such renewal, but he felt that there were in this connection some difficulties which would have to be overcome.

The remaining sections of the Report, not already issued to the press in the form of Committee reports, may be briefly summarized as follows:

(a) In addition to the report of the Constitutional Committee already made public, there are certain paragraphs added to the constitutional section which deal with the Nationality of Married Women. It is pointed out that since 1930 legislation on this subject on the lines recommended by the Hague Convention of that year has been passed by the United Kingdom, Canada, the Commonwealth of Australia and New Zealand and the introduction of similar legislation in the Union of South Africa is contemplated. A full discussion took place on the various aspects of the whole question, but it was not found possible to arrive at an agreement in favour of any change in the existing law, though it was assumed that the matter would be the subject of further consideration by and consultation between the respective Governments.

(b) Mention is made of the fact that the position in the New Hebrides was examined by representatives of the United Kingdom, Australia and New Zealand delegations.

(c) A section is devoted to the Coronation in which general recognition is expressed of the significance of the Coronation ceremony as illustrating the new constitutional relationships within the Commonwealth. Special reference is made in this connection to the changes in the Coronation oath, the first paragraph of which, as taken by King George VI, is quoted. The whole position is summed up in the words used by the Canadian Prime Minister in his opening statement to the Conference. These words are quoted in the Report.

(d) Other sections of the Report deal with messages to and from Their Majesties on the opening and the conclusion of the Conference, and to His Majesty in connection with the celebration of his birthday; an appreciation of the work of the Imperial War Graves Commission; a resolution of regret at the death of Sir Robert Borden; arrangements for the work and organisation of the Conference; publicity arrangements and certain formal concluding resolutions.

## PARTIE 2/PART 2

DÉFENSE<sup>1</sup>

DEFENCE<sup>1</sup>

132.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 19

London, March 2, 1936

SECRET. My despatch of the 28th November, Secret, No. 486. Should scheme outlined in paragraph 7 of my despatch become effective, Air Ministry would wish field of selection among suitable candidates to be as wide as possible and therefore would now be ready to provide that their regulated travelling expenses from Canada to the United Kingdom should be met from public funds.

I should be grateful if I could be informed at an early date whether scheme modified as above and subject to discussion of details with Senior Air Officer, Royal Canadian Air Force, is acceptable to His Majesty's Government in Canada.

<sup>1</sup> Pour plus amples renseignements concernant la défense voir chapitre VII, en particulier les mois août et septembre.

For further documents concerning defence see Chapter VII, especially the months August and September.

133.

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Under-Secretary of State  
for External Affairs*

London, March 27, 1936

PERSONAL

My dear Skelton,

In today's bag I am sending you a Despatch covering certain matters which the Secretary of State for Air wished to discuss with me. On the occasion of our conversation he made another tentative and informal suggestion which I said I would bring to the attention of the authorities in Ottawa.

It has occurred to Lord Swinton that in addition to the Canadian officers who are being admitted to the R.A.F. under the arrangements which call for their training in England, an additional number might be provided with their preliminary training in Canada and taken on the strength of the R.A.F. after having obtained there certain flying qualifications. The idea was that the course they would receive in Canada would be of a civilian nature in which existing instructional equipment in Canada would be used. The United Kingdom Government would presumably pay the cost of such training just as they do in the case of pilots trained in civilian schools here in Great Britain. Swinton did not give me any idea as to the number of men they would like to have from Canada on this proposed basis, but the important thing at the moment is the question of principle.

I should be very glad to have the Government's view on this proposal in due course so that I can let Swinton know. If Ottawa's attitude is favourable to the idea the Air Ministry here will no doubt make formal approaches.

Yours sincerely,

VINCENT MASSEY

134.

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 5, 1936

RECRUITMENT OF CANADIANS FOR R.A.F.

See memo. herewith.

It seems to me all these schemes are unsound, unless it is to be assumed or decided now that Canada will join Great Britain in any war that may involve the latter.

<sup>1</sup> L. C. Christie à/to O. D. Skelton.

[PIÈCE JOINTE/ENCLOSURE]

*Mémemorandum**Memorandum*

SECRET

May 5, 1936

CANADIAN DEFENCE COMMITMENTS  
CANADIAN GOVERNMENT COOPERATION IN RECRUITING CANADIANS  
FOR ROYAL AIR FORCE

Two schemes under this head are now officially presented to the Government through the Dominions Office despatch of November 28, 1935, No. 486, and telegrams of March 2nd and April 22, 1936.<sup>1</sup> A third scheme presented informally by the Secretary of State for Air to Mr. Massey is submitted by means of the latter's personal letter of March 27, 1936.

All these schemes, which can be conveniently considered together, call for cooperation by the Royal Canadian Air Force in recruiting Canadians for the Royal Air Force. They are briefly:

*Scheme A:* After selection and 1 year's training in Canada by R.C.A.F., 15 cadets annually are to join the R.A.F. in England and elsewhere under short service commissions, with liability for 5 years' active service and eligibility for permanent commissions, and subject, after the 5 years, if returned to Canada, to 4 years' service under Canadian regulations and R.C.A.F. commission. The R.C.A.F. is to contribute financially to this scheme.

(Scheme A was accepted in principle by a despatch to the Dominions Office of June 5, 1935, No. 184. The Department of National Defence, by letter of April 27, 1936,<sup>1</sup> now recommend final acceptance and show that they are in agreement with the R.A.F. on certain details which were outstanding. These include a provision that "R.A.F. uniform with minor modifications" will be worn during the 4 years' service in Canada under Canadian regulations and R.C.A.F. commission—this modification involving the substitution of R.C.A.F. buttons and flying badge for the equivalent R.A.F. articles. The scheme is recommended to be made effective from January 1, 1937—the first 15 officers to proceed to England a year later.)

*Scheme B:* Upon selection and medical examination by the R.C.A.F., 25 Canadians annually are to proceed to England to be given short service commissions in the R.A.F. Their travelling expenses will be paid by the R.A.F. Details of procedure and tests for Candidates are to be arranged direct between the R.A.F. and R.C.A.F.

(Scheme B is now recommended by the Department of National Defence for acceptance—see their letter of April 27, 1936.)

*Scheme C:* The Air Secretary has proposed informally to the High Commissioner in London that an unspecified additional number of Canadians might be taken on the R.A.F. strength annually after receiving preliminary

<sup>1</sup> Non reproduits/not printed.



training and passing certain flying qualifications in Canada. The course in Canada would be of a civilian nature and would use existing Canadian instructional equipment. The R.A.F. would presumably pay the cost of such training as they do in the case of pilots trained in civilian schools in England.

(Scheme C has not yet been submitted to or considered by the Department of National Defence.)

135.

*Le ministre de la Défense nationale au Premier ministre*  
*Minister of National Defence to Prime Minister*

[Ottawa] September 4, 1936

PERSONAL AND CONFIDENTIAL

My dear Prime Minister,

While in London recently, and during the course of conversation with Lord Swinton, Minister for Air, he asked me what would be the attitude of the Canadian Government with reference to the British Government having a Training School for airmen on Canadian territory.

It seems that their air space is somewhat limited for intensive training upon British soil, and that they have already a training ground in Egypt. They are contemplating another in one of the Dominions, and would appreciate knowing, and officially, if possible, what the attitude of Canada would be.

In favour of this proposal there would be naturally some advantages to Canada, and also more trained airmen in case of emergency.

Against the proposal there might be some objection to any other part of the Empire training pilots upon Canadian territory.

I would appreciate a decision from Council on this matter.

Yours sincerely,

IAN MACKENZIE

136.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

CONFIDENTIAL

September 11, 1936

*Re: Establishment by the British Government of training  
school for airmen on Canadian territory*

This matter was considered by Council on September the 10th. The view of Council was to the effect that it would be inadvisable to have Canadian territory used by the British Government for training school purposes for

<sup>1</sup> De/by E. A. Pickering.

airmen. It is the intention of the Canadian Government to establish training schools of its own. The situation might give rise to competition between governments in the matter of fields, pilots, equipment and the like.

137.

*Le ministre de la Défense nationale au Premier ministre*  
*Minister of National Defence to Prime Minister*

[Ottawa] October 23, 1936

CONFIDENTIAL

My dear Prime Minister,

I beg to enclose copy of a letter received from Lord Swinton, Secretary of State for Air, under date of September 28, 1936.

My impression is that this suggestion was already rejected by our Colleagues. Perhaps he may have had conversations with you while in Great Britain. In any case, I am forwarding the letter for you information.

Yours very truly,

IAN MACKENZIE

[PIÈCE JOINT/ENCLOSURE]

*Le secrétaire d'État à l'Air de Grande-Bretagne*  
*au ministre de la Défense nationale*  
*British Secretary of State for Air*  
*to Minister of National Defence*

London, September 28, 1936

My dear Mackenzie,

I was very interested in the note from Air Commodore Tedder, the Director of Training here, describing the interview which you kindly gave him to discuss the possibility of siting a Royal Air Force Flying Training School in Canada.

Air Commodore Tedder told you, I understand, that we are anxious to put forward our proposals on this subject in the form which is most likely to prove acceptable to the Canadian Government and that to this end, our ideas on the organisation and administration of such a Flying Training School are purposely being kept as fluid as possible at the moment.

I am most grateful to you for promising to discuss the subject with your colleagues, and to let me have your advice. It is naturally of great importance to the Royal Air Force that this Flying Training School should be established at the earliest possible date, and I am therefore hoping that it may be possible for me to have your views fairly soon.

Yours,

SWINTON

138.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

February 16, 1937

## RE MONROE DOCTRINE

Some say it is nonsense to take any account of the Monroe Doctrine. What are they getting at?

What is the substance of the Monroe Doctrine (putting aside formal points as to whether it is a unilateral declaration or is becoming a co-operative understanding)? Simply the principle that the territories of this hemisphere are no longer open to European (or Asiatic) conquest or annexation.

Is this nonsense so far as Canadian territory is concerned? It may be noted that Canadian Militia, Naval Service and Air Force Acts have from the beginning been based on the principle of the defence of Canadian territory.

But it would be an incongruity to say that we are going to put our defence in the hands of the United States. That would virtually make us a Protectorate of the United States—subjecting all our external policy and some of our internal policy to the supervision of Washington. Such a step would mean a profound change in our international status and constitutional position.

It would be equally and similarly incongruous to say we are going to put our defence in the hands of the United Kingdom or the "Imperial" or any other "authorities".

We do not mean to be anyone's Protectorate.

We have assumed long ago the responsibility for the problem of our own defence.

That problem, for every nation, is partly one of armaments, but mainly one of external policy.

In this sense some nations go in for a policy of military alliances. Some do not. All nations, whether they make alliances or not, in framing their external policy do their best to take account of the policies of other nations. Every nation is glad to find its own book suited by the policy of some one or more other nations, particularly if the latter are powerful, for then its own policy is likely to be less costly.

Canada does not go in for military alliances. Such a policy is not feasible or necessary in her circumstances. She tries to pursue external policies that will minimise the cost of her defence problem, and, like others, she must be glad if her book is suited by the policy of any powerful nation.

Defence programs and costs always depend on what your foreign policy is. Your policy is a matter of judgment.

Today's Canadian defence program looks to the policy that this continent is not open to further conquests.

To do less than is proposed would be to declare yourself a Protectorate of some other Power, Great Britain or the United States or what not.

<sup>1</sup> De/by L. C. Christie.

To do more would be to assert that you have some other policy to enforce outside this continent—e.g., that you not only would forbid European invasions of this continent or European dictation of our way of living and dividing this continent, but that you would also dictate how Europeans should live and divide their continent and that you were prepared to invade their shores if they should decline your advice.

## ADDENDUM

The words "Monroe Doctrine" seem to be a red rag to some people. It is a stultifying complex. These people at other moments are willing to talk of the advantages of co-operation and harmony between the English speaking peoples. Here is a feasible case for harmony, ready to hand.

Perhaps they think of it as a worthless half loaf. They must be extreme optimists [*sic*] to sneeze at half loaves these days.

Perhaps the whole loaf they want and would alone accept is an English Speaking Mission to oversee the universe. In that case they are indeed like the dog in the fable, who drops his solid bone at sight of the mirage-bone.

Let them take what they can get and let them remember Lord Salisbury's maxim, "Never let your diplomacy outrun your resources".

139.

*L'appendice naval de l'Exposé sommaire de la défense impériale  
du Sous-Comité des chefs d'état-major du Comité de la défense impériale  
Naval Appendix of Review of Imperial Defence  
by Chiefs of Staff Sub-Committee of Committee of Imperial Defence*

MOST SECRET

London, March 24, 1937

E.(37)1. APPENDIX

. . .

PART IV.—ADMIRALTY RECOMMENDATIONS FOR DEVELOPMENT OF  
DOMINION NAVIES AND ROYAL INDIAN NAVY. SPECIFIC POINTS  
CONCERNING EACH DOMINION AND INDIA

*Canada*

1. *Composition of Royal Canadian Navy*—In 1936 Canada agreed to purchase the destroyers *Crescent* and *Cygnét* from the Government of the United Kingdom; also to pay for their refits, which included fitting of asdics.

*Crescent* and *Cygnét* have been delivered to the Royal Canadian Navy and renamed *Fraser* and *St. Laurent* respectively. They will replace *Champlain* and *Vancouver*, which are being scrapped.

These two "C" class destroyers, together with *Skeena* and *Saguenay* (Modified "A" class, built 1930), will give Canada a force of 4 modern destroyers.

2. *A/A Re-armament*—The Admiralty recommend that the 2-pdr. pompoms in all four destroyers should be replaced by 2 multi-barrelled .5-inch machine guns (already under discussion).

3. *A/S Policy*—The Admiralty recommend that *Skeena* and *Saguenay* should be fitted with asdics.

4. *Oil Fuel*—At the 1923 Imperial Conference the Admiralty stated that they considered a reserve of 110,000 tons—80,000 tons on the Pacific Coast and 30,000 tons at Halifax—necessary in Canada, and recommended that His Majesty's Government in Canada should commence the provision of this reserve.

The importance of the provision of this reserve was stressed by the Admiralty at the 1930 Imperial Conference.

The Admiralty now note from a recent report received from the Director of Naval Intelligence and Plans, Ottawa, that it is considered that Canada's war requirements of fuel can be met without laying down naval reserve stocks in peace. In spite of this, however, and in view of the great importance which the Admiralty attach to the question of ensuring adequate supplies of fuel for naval purpose in Canada—particularly on the West Coast—they recommend that His Majesty's Government in Canada should give further consideration as to the desirability of maintaining reserve stocks of fuel for naval use.

5. *Local Naval Defence*—The Admiralty have recommended that an early start should be made with the provision of naval seaward defences for Vancouver, Esquimalt and Halifax, precedence being given to the West Coast ports, and they understand from the Defence Estimates for 1937 that it is the intention of the Dominion Government to commence this work.

They further recommend that the provision of minesweeping and anti-submarine equipments to meet the requirements of local defence vessels taken up at the commencement of a war should be completed so far as possible within the next two years, and that a reserve of asdic sets should be included in the anti-submarine equipments. . . .

140.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 78

Ottawa, March 25, 1937

SECRET

Sir,

I have the honour to refer to your secret despatch No. 486 of November 28th, 1935, and your secret telegram No. 19 of March 2nd, 1936, regarding the grant to Canadian candidates of short service commissions in the Royal Air Force.

2. Subject to the modifications previously suggested by the Canadian Government and to those suggested in paragraphs 3 and 4 of your despatch, the proposed conditions regarding the grant of such short service commissions are acceptable to the Canadian Government.

3. Note has been taken of the observations in paragraph 2 of your despatch regarding the possibility that it may be necessary at a later date to review the question of training pilots on more modern types of aircraft.

4. As regards paragraph 5 of your despatch concerning the modification of Royal Air Force uniform upon the return of ex-short service officers to Canada during non-permanent or reserve service, I am advised by the Department of National Defence that what is contemplated is only the substitution of Royal Canadian Air Force buttons and flying badge for the equivalent Royal Air Force articles.

5. In paragraph 7 of your despatch, as amended by your above mentioned telegram No. 19 of March 2nd, 1936, it is proposed that, in addition to the fifteen candidates to be trained in Canada for short service commissions in the Royal Air Force as contemplated under the preceding paragraphs, further candidates up to a maximum number of twenty-five a year be finally selected in Canada by the Senior Air Officer under the regulations current at the time, the journey to the United Kingdom being made at the Air Ministry's expense. This proposal is acceptable in principle to the Canadian Government, and it is also agreed that the details of procedure and standard to be set for candidates may, as suggested, be arranged direct between the Air Ministry and the Senior Air Officer, Royal Canadian Air Force.

I have etc.

O. D. SKELTON for the . . .

141.

*Mémoire*

*Memorandum*

MOST SECRET

March 29, 1937

IMPERIAL CONFERENCE 1937

*Defence Questions: "Imperial Defence"*

*Preliminary Notes Respecting Canadian Position*

1. A "Review of Imperial Defence by the Chiefs of Staff Sub-Committee of the Committee of Imperial Defence"—U.K. Paper No. E(37)1<sup>1</sup>—has been summarized in a memorandum dated March 26.<sup>2</sup> The Chiefs of Staff under-

<sup>1</sup> Le doc. 139 est un extrait de ce mémoire/doc. 139 is an extract of this paper.

<sup>2</sup> Non reproduit/not printed.

take to expound a scheme of foreign policy and liabilities for all the members of the British Commonwealth of Nations which their armed forces are to sustain; they examine the strategical factors of various specified wars which are now regarded as so liable to occur that definite, immediate preparation is essential; they summarize the main features of the rearmament program in the United Kingdom; and, finally, they make specific suggestions, for each Dominion, as to "Possible Forms of Dominion Co-operation" or "Dominion Assistance" in each of the specified wars.

2. Certain matters of constitutional propriety may be noted for consideration:

(a) Is it for the military staff to expound policies? Is it not for the civil arm of government to lay down the scheme of policy and liabilities, and then for the military to submit military plans accordingly?

(b) It may be said that, in order to expound an armament program, the military may, for convenience, lay down assumptions as to policy, recognising nevertheless that these assumptions may be overruled by the civil arm. Is it, however, appropriate that such an exposition by the U.K. Chiefs of Staff should be presented to another Government when it has not been formally passed by the U.K. Cabinet? The Paper is marked as amended by the Committee of Imperial Defence, but there is no mark of Cabinet approval.

(c) The underlying basis of the Paper is that all the "interests" are "collective" and that there is, or is to be, a common foreign policy and common liabilities of the British Commonwealth of Nations, which the armed forces of the Commonwealth are collectively to sustain and enforce. Even if it were granted that this could be an admissible basis, and assuming it to be desirable also that the military should expound what might be regarded as a series of political assumptions made subject to revision by civil authorities, would it still remain proper that such an exposition should be drawn up by the military arm of only one of the Governments of the Commonwealth? On the basis underlying this Paper, should not the General Staffs of all the Governments take a hand in the production? Or, at least, if such an exposition is to be done by the military staff of only one of the Governments, is it appropriate that it should be done unless upon the express invitation of the other Governments?

(d) Again, is it appropriate that the U.K. Chiefs of Staff or the Committee of Imperial Defence should make concrete proposals as to military action to be taken by the Canadian Government in the absence of an express invitation from the Canadian Government in that regard? Is it appropriate that the U.K. Cabinet, without themselves expressly taking responsibility for such concrete proposals from such a source, should permit them to be formally presented to the Canadian Government?

(e) Instead of the procedure represented by this Paper, constitutional propriety would seem to suggest the following kind of procedure and

order of events: a discussion of policy—foreign, constitutional and so on—at the Conference itself, which would disclose whether there is really a “collective” foreign policy for the Commonwealth, or whether there are various liabilities and various policies, and whether and to what extent they can have the same practical objectives. Thereupon it might logically be considered whether discussion could advance, either within the Conference or outside, to the further point of considering what consequences might properly ensue in the field of armaments for each Government concerned.

3. As the matter now stands, the Canadian Delegates will have to await the convening of the Conference before they can know the view of the U.K. Government—i.e., the U.K. Cabinet—in the field of policy. Until they have heard the Foreign Secretary’s opening statement and the subsequent discussion, they cannot know to what extent the Chiefs’ of Staff Paper represents U.K. policy. Consequently the Chiefs’ of Staff specific armament recommendations must be regarded as contingent even in that sense—to say nothing of the contingency concerning the acceptability of the U.K. Cabinet policy when ultimately disclosed and the further contingency as to whether particular defence measures by a particular Dominion are appropriately to be discussed in the Conference proper or outside and only between those concerned.

4. The Paper is very useful as a vivid example of how completely interdependent “foreign policy” and “defence policy” are. Much current public discussion becomes wholly unreal—and in some cases lacking in candour—by attempting to assume that there are here two separate things that can be kept in different compartments. “Defence” policy may be regarded as armaments program plus foreign policy; or it may be put that your armaments program depends not only on your own home territorial protection, but also on what your national arms are and what things you intend to demand of other nations at any cost. As this Paper abundantly typifies, “defence” is not simply to stave off direct attacks upon your own home territory; it contemplates an armament that will enable you to assert that certain things must be done or must not be done by, or within the territories of, other nations; because of your “interests” in their region, or because if the thing were done it might imperil your “interests” somewhere else, or might make it easier for some putative future enemy to attack your own territory, or to make your “interests” harder to maintain. As regards the maintenance of the *status quo* in the territorial sense, the liabilities specifically assumed in this Paper cover not only the British Commonwealth and Empire, but also France, Belgium, Netherlands, Netherlands East Indies, Egypt, Iraq; while there is some suggestion that the territorial *status quo* of China is also a liability (excluding only Manchukuo). As regards liabilities respecting other “interests”, they are also sometimes stated in a way that might involve the maintenance of the territorial *status quo*—e.g., in Eastern Europe and the Mediterranean—and it is practically impossible to say just where this Paper would draw the line. The “defence” policies of Great Powers, indeed, seem almost inherently to involve,



to a greater or less extent, the conception of the "preventive war". It is noteworthy that the Paper devotes eleven pages to reviewing the "policies", "liabilities" and "interests" which the armed forces are to support, and then, in seven pages, reviews both the possible specific wars "in which British forces are liable to be involved in defence of vital British interests" and the form which "Dominion assistance" might take for each war.

5. Accordingly what seems to be needed is preparation, not so much for the so-called "defence" discussions at the Conference, as for the discussions on "foreign affairs" and "constitutional questions". In that view, to the extent that this Paper can be regarded as representing the British Government's estimate of the policy, or position, or liabilities or interests of the U.K., there emerge several highly significant situations, whose real implications are staggering in the extreme. (The Chiefs of Staff seem skeptical, to say the least, about some great aspects of the policy which they assume to be that to be defended). Without admitting the Chiefs' of Staff conception of "collective" policy, interests and liabilities, there remains the fact that a position taken by the U.K. may ultimately present to Canada the greatest difficulties.

6. First, there may be noted the extraordinary situation shown in paragraph 17 of the Paper. According to the Chiefs of Staff, there is the liability, arising from the existing French alliance system, that French commitments with Russia and Eastern Europe may involve the U.K. "by a decision in which we should have no part," and this "even though at the moment it might be highly dangerous for us". Armament preparations are therefore being designed to support such a tremendous liability.

7. But it would seem also that the Chiefs of Staff assume a liability in Eastern Europe even apart from the implications of the Anglo-French alliance. They say that conflict with Germany (or Japan or Italy) "would be a probable corollary to any attempt on their part to expand their own Empires or interests at our expense" (end of par. 17). Then they point out (par. 19) that Germany aims at expansion, "particularly in Eastern Europe". There are ambiguities in these and the succeeding paragraphs; but the suggestion seems to be that German expansion in Eastern Europe would be at the expense of the U.K. and that the U.K. must therefore be in a position to veto it.

8. Again there is the extraordinary assumption that "although . . . collective security is no longer a reliable factor, we may still be bound through the League to assume responsibilities in connection with it notwithstanding the failure of other Powers to play their part" (par. 17). This is assumed as one of the "greatly increased Imperial risks" which demands increased effort from the "purely military standpoint", even though this constitutes a "serious disadvantage". This conception, if read in the light of various contingencies mentioned elsewhere in the Paper and of the position of various other countries, scarcely seems intelligible except as a calculation that the three Great Powers dominating the League (i.e., the U.K., France and Russia)

might conceive it to be useful, in certain contingencies, to attempt to start the "sanctions" machinery of the League—a *tour de force* that might come off by using the French alliance network and so on.

9. As regards Japan too there seem to be great liabilities and also great ambiguities. Armaments are explained as needed against her possible movement southward towards Singapore, Australasia, Dutch East Indies, India. But they also seem necessary to prevent Japanese expansion in Central and South China; because this "tends to infringe British and American trading rights in the Far East, with an accompanying loss of prestige throughout Asia, which in turn must further reduce the trade of Empire countries . . . . The collective interests of the members of the British Commonwealth of Nations in China, excluding Manchukuo, in trade and finance are greater than those of any other country. The potential market in China is so vast, that it is bound to provoke the keenest competition." (par. 25)

10. Recently the U.K. have given a fresh guarantee to France. It has an appearance of clarity, though there is room for uncertainty as to the interpretation of the qualification, "unprovoked aggression". From the point of view of European stability and appeasement this guarantee, ambiguous or unambiguous, seems unnecessary and vicious enough in itself. But this link with the Franco-Soviet alliance, coupled with various statements by the Foreign Secretary and others, furnishes a host of ambiguities and risks in other aspects of the European complex. Various utterances about "collective security" add to this and even extend the confusion to the Far East. So that one difference from the situation in 1914, is that there are now more ambiguities: the boundaries may have shifted, but the ambiguities point in more directions and affect more national minds. There are now three Empires who have to guess what it all means. The moral seems to be, not to give "bigger and better" guarantees, but to bring existing ones to an end and to stop talking loosely in terms that ordinary men throughout the world must regard as threats.

11. The forms of assistance or co-operation which the Chiefs of Staff propose for Canada are:

*In a war with Germany:*

Provision of reinforcements for Europe.  
Manufacture of munitions.

*In a war with Japan:*

Provision of facilities for the U.K. Navy in Pacific ports.  
Co-operation of Canadian naval and air against  
Japanese trans-Pacific trade.

*In a World War:*

Provision of all the above.  
Provision of fully trained forces in the theatre of war.  
Relief of British overseas garrisons by partially trained Canadian  
army and air units.

12. For Canada particularly, great emphasis is laid by the Chiefs of Staff on the manufacture of munitions. It is also emphasized that this should be prepared for in peace-time. This means presumably a Canadian "shadow munitions industry" in peace-time—i.e., factories to be extended or built on the basis of orders for the present U.K. emergency rearmament program; to be geared also to the purpose of starting a greatly expanded production immediately on the outbreak of war, and to be kept ready for that purpose—i.e., the so called "war potential". Various points may be noted for consideration:

(a) Nothing is said in the Paper regarding financial arrangements or methods of organization and administration of such a program in Canada.

(b) There is the political difficulty of assuming responsibility now in peace-time for a Canadian "shadow munitions industry" and "war potential" geared to U.K. requirements for a war of unlimited liability (either with Germany or a "world war"), in view of the Canadian liability for only the local defence of Canada and of the fact that Canada has not part in the diplomacy producing the unlimited liability.

(c) There is the economic danger. The U.K. rearmament and shadow munitions industry are being carried out "with the minimum of interference with peace-time industry" (par. 36). Long and close study has been given to this in the U.K. Economists there and elsewhere recognize the dangers of inflation, the effect on ordinary exports trade, and other devastating impacts upon the economic structure. If the integrity of the U.K. economic structure, great and solid as it is, is endangered by this peace-time munitions program, how much greater relatively would be the threat to the Canadian economy from the creation of a munitions industry (with a "war potential") in Canada which would be geared now, not to her own relatively small rearmament program, but to the requirements both of the vast existing U.K. armament program and of the contingent unlimited program? If all this kind of difficulty has taken prolonged thinking and research in the U.K., it would seem, in view of the relatively greater economic dangers in the Canadian case, to require even closer thinking and investigation here. (On the dangers of this war or semi-war economy, see the recent articles by J. Maynard Keynes in *London Times*, March 11, and J. A. Spender in the *Spectator*, March 19, 1937).

(d) Once such a Canadian munitions industry were started, would not its progression and consequences pass largely out of Canadian hands, seeing that, by hypothesis, it would be geared to U.K. requirements?

(e) The scope of the program would seem to be largely in the hands of soldiers. In view of the munitions history of 1914 and succeeding years, this seems scarcely a reassuring reflection.

13. In passing it may be noted that the Paper speaks of a "world war" without assuming the participation of the United States or South America. For that matter there are many others whose non-participation it appears to take for granted.

14. It is also noteworthy that from first to last the Chiefs of Staff do not use a single word that suggests that there is any special risk or threat against Canada or against any interest of Canada, or that there is any special liability arising from or in respect of Canada. For all others in the Commonwealth or Empire these things are shown specifically. There is not even a suggestion of Japanese raids against the Canadian west coast. The risks and liabilities regarding Germany, Japan and Italy, as reviewed by the Chiefs of Staff, arise partly from the Colonial question. Within the Commonwealth colonies and mandates are held only by the U.K., Australia, New Zealand and South Africa. Here again it is to be noted that geography, the course of events, and other realities have placed Canada as such outside the picture.

15. The total effect of the Chiefs' of Staff Paper is to pose for Canada many very searching questions. To different minds these will appear in different guises, and they could be developed at great length indeed. In what is said to be a time of revolt from reason moving into an age of intolerance they will be difficult to present and handle.

16. *In the field of international politics ("Foreign Affairs" and "Defence" on the Conference Agenda):* Is it the position that Canada is directly and inescapably tied to the European political process, particularly to the orbit of the ancient, unresolved feud between France and Germany—between Western and Eastern Europe? Is Canada to regard it as the normal thing that every generation (or less) she is to invade the Continent of Europe and join the European battle campaigns of the 20th Century—so normal that she should now, in contradistinction to the 1914-18 campaign, deliberately prepare in advance? Is it to be normal that this invasion and intervention from North America should be undertaken at the outset of each European campaign, regardless of what position the United States takes? Regardless, too, of the certainty that various "small" though important Powers in the complex of European civilisation will not join in the campaign? Is the creation and maintenance of a Canadian nation feasible on such lines? Even if that were feasible, could such a program be regarded as a contribution to European or world stability or appeasement, or to "civilisation"? If the Foreign Secretary's statement at the Conference should in any way bear out the Chiefs' of Staff Paper, what are the chances that the others will recognise the realities that place Canada at all events in a special case?

17. *In the field of international economics ("Economic Questions" and "Defence" on the Agenda):* The economic process in Europe, and now in the U.K., assumes more and more the character and even the degree of a war economy. At best the Canadian economy is doubtless bound to suffer to some extent from the impact of this development. But is the position such that the Canadian economy has now to be deliberately geared to the European

war economy, through a Canadian "shadow munitions industry" with "war potential" and otherwise? Before any final position is taken should not this whole problem be confidentially and thoroughly investigated by the authorities responsible for our financial and monetary processes, assisted by trained economists and responsible industrialists? Can it safely be left to be settled in effect haphazard as the resultant of the individual pressures of would-be Canadian munitioneers?

18. *In the field of intra-Commonwealth politics ("Foreign Affairs", "Defence" and "Constitutional Questions" on the Agenda):* The Chiefs' of Staff Paper serves to illustrate not only the impracticability of shutting "Foreign Affairs" and "Defence" into separate pigeon-holes, but also the equal unreality of separating "Constitutional Questions" from these two. In essence they all become one and the same thing. What is the content of the conception of a group of States "in no way subordinate one to another in any aspect of their domestic or external affairs"? The Chiefs' of Staff starting point is that "the continued existence of the British Commonwealth of Nations in the form in which we now know it depends upon" the kind of "security" program which they proceed to expound. Assuming from the military viewpoint that they were right and that their proposals would be the only way to preserve what they "now know" to be "the form . . . of the British Commonwealth", there remains the political viewpoint: can it be supposed that their proposals and premises would command general consent from plain, ordinary men across Canada? If not, there must remain a great doubt as to the present "form" of this association of states. In effect, so far as military liability, financial responsibility and taxation are concerned, the consequences which the Chiefs of Staff deduce from the present "form" are all the consequences in that regard which were to flow from the full Imperial Federation project of half a century ago. But this leaves wide open many related questions. Considering how dominant and enduring an element in Canadian history and tradition the conception of responsible government has been, it would seem that these questions will more and more force themselves into public view. Implicitly at least they seem bound to present themselves, in one form or another, at the Conference.

19. As regards the Chiefs' of Staff specific proposals as to Canadian military "assistance" or "co-operation" in the specified wars (see paragraph 11 above), it is for consideration whether these can be admitted as a proper subject for discussion in the Imperial Conference proper; or whether it should be insisted, if they are to be discussed at all, that they must be regarded as falling within the category of subjects to be discussed outside the Conference proper between the U.K. and Canada only, either during the Conference or at some other convenient time. The latter course would seem in accordance with the principles established in the preliminary correspondence respecting the Conference Agenda and with the specific reservation made by Canada to the effect that special Australian defence items proposed by the Australian Government were not regarded as suitable for formal discussion between all

the Governments. It would also be in accordance with the position of the Union of South Africa. On these points reference may be made to the paper called "Consolidated Agenda", dated March 24, 1937, at pages 3, 5 and 6.

142.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET

April 9, 1937

DEFENCE ITEMS CONTAINED IN CONSOLIDATED AGENDA,  
IMPERIAL CONFERENCE, 1937

At a meeting held on 5th April, 1937, the Joint Staff Committee reviewed the several items included under the heading of Defence in the Consolidated Agenda, drawn up for the forthcoming Imperial Conference, and they append hereunder their comments as to the possible application of these items to the problem of Canadian Defence.

I—Items suggested by Australia (Dec. 21, 1936):

1. *Review of the political and strategic considerations relating to Imperial and local defences.*

*Comment.*

(i) From what appears to have been the procedure at previous Conferences, discussion of this item will probably consist of—

(a) Review of the international situation by Foreign Secretary and statement of British policy with respect thereto.

(b) Statement by Chiefs of Staff (U.K.) on strategic implications of political situation or, if a C. of S. memorandum has previously been circulated,—

(c) statement by Secretaries of State, or Chiefs of Staff, on the naval, military and air measures which the United Kingdom proposes to take to enable it to meet the existing situation.

(d) Statement by Dominion Ministers as to the position of their respective Dominions and the measures they are putting, or propose to put in hand.

(ii) With respect to (a), (b) and (c) little comment can be made in advance. It may be that some Dominions will feel tempted to give their views as to the policy adopted by the United Kingdom to counter the German menace, but it is to be borne in mind that in adopting the policy stated by the Foreign Secretary, the British Government will have been actuated largely by motives of *self* preservation. With respect to Japan a better case for Imperial as opposed to local defence can be made by the British representatives.

<sup>1</sup> Du Comité interforce d'état-major/by Joint Staff Committee.

(iii) With respect to (d), the only firm statement of Government policy in the possession of the Department of National Defence is that contained in the Prime Minister's speech on defence in the House of Commons on 19th February, last. This statement appears in many respects to be in sympathy with the views expressed in the Joint Staff Committee Appreciation on the Defence Problems Confronting Canada (dated 5th September, 1936) which fully sets out the present situation as seen by Canadian Military advisers together with their recommendations for the development of the Canadian armed forces. These views were re-stated in condensed form in Joint Staff Committee paper on the Imperial Conference, with suggestions as to items for inclusion in Agenda, dated 22nd January, 1937.<sup>1</sup> No further comment appears necessary.

2. *Review of the problems relating to the basis of Australian defence policy, with special reference to:*

- A. Invasion.
- B. Raids.
- C. Priority of Provision for Defence.
- D. Time Factor.

*Comment.*

(i) This item raises considerations of Australian defence policy and it immediately brings to mind the Canadian observation (Jan. 29th)<sup>2</sup> that "it does not seem clear that all the items suggested by the Australian Government—for example, special defence items—would necessarily require or be suitable for formal discussion between all the Governments." It might almost be anticipated, in consequence, that in the discussion of this item the Canadian Prime Minister may not be inclined to take much part, if any.

(ii) Nor does it appear that this item calls for very special comment from the Canadian Military advisers. Their reactions to such points as Invasion, Raids, etc., must, if a logical course is to be followed, be related to the scales of attack on which all calculations as to Canadian defence requirements are based. These scales do not make provision against the large scale invasion of this country while the raiding activities of our possible overseas enemies are not expected to be attempted by forces exceeding 250 men. It is not anticipated naval attack will exceed that which could be carried out by two 8" cruisers and two submarines. Air attack is assumed to be limited to one airship and ten aircraft from an improvised carrier.

(iii) "Priority of Provision for Defence" appears to indicate that the Australian Government are desirous of advice as to the order in which their defence programmes should be implemented. The question does not appear to arise with respect to Canada where the policy is to make provision for the defence of our coasts and coastal waters.

<sup>1</sup> Non reproduit/not printed.

<sup>2</sup> Voir le doc. 115/see doc. 115.

(iv) The "Time Factor" appears to suggest a "Period before Relief", a matter for concern to the Australians. Their defence problem contemplates a combined European and Asiatic war in which the United Kingdom may find herself fully occupied in providing for her own local defence. In such circumstances Australia might be obliged to defend herself unaided against the vastly superior military power of Japan. The time that will elapse before sufficient British naval and other forces can be despatched to the Far East is therefore an important consideration in the Australian mind.

(v) Of marked importance to Canada will be the question of the security of Canadian trade in the Eastern Pacific—a task clearly beyond the resources of the Canadian Navy as existing or indeed planned. Unless aid from some external source were forthcoming our West Coast trade would cease entirely. It is to be expected, however, that in the event of a war against Japan the United Kingdom would be desirous of basing a naval squadron on Esquimalt with the dual object of exercising contraband control over Japanese trans-Pacific trade, and of ensuring an adequate measure of protection to British (and Canadian) trade in these waters. In consequence, the time interval which will elapse before the arrival of this British naval force off Esquimalt is a matter of importance to any consideration of Canadian defence.

### *3. Consideration of further developments of the principle of Imperial co-operation in defence.*

#### *Comment.*

(i) This item appears to suggest the desirability of defining a principle of "a common responsibility for mutual support between the several parts of the Empire in time of war." While the political difficulty in the way of a full acceptance of such a principle of Imperial Defence is clearly realized, yet we cannot shut our eyes to the fact that the defence of our trade on either coast defies solution, short of an extraordinary increase in the strength of the Canadian navy, except through free and unhampered co-operation with the United Kingdom. The importance of co-operation with the British authorities with respect to our West Coast trade has been mentioned above. It is of no less importance to our Atlantic trade on which to an even greater extent Canadian prosperity depends.

(ii) While, therefore, Canadian statesmen are required by the domestic situation to lay emphasis on the fact that what they are doing they are doing for the defence of Canada alone, and that they mean they are doing it for the defence of the country within its territorial waters, yet the Prime Minister in addressing the House of Commons on the 19th of February, did not completely bar the way to a measure of co-operation for the defence of our trade. In the course of his speech, Mr. King asked the House to realize that unless we did something to help ourselves other countries could not be expected to help at a time of world



crisis or great peril. In another passage, he remarked that "we are glad to know that we can count on that additional safeguard (help from Great Britain and the United States) in any great emergency . . ." If then the Prime Minister clearly expects a measure of help in time of emergency it is suggested that arrangements to that end should be made in advance.

(iii) Further comment hardly seems desirable except to observe that help in emergency appears to be expected by Canada, and, if so, and so long as a vestige of self-respect is retained, the principle of mutuality must apply.

4. *Consideration of Australian question of an individual service of nature (sic) relating to the Navy, Army, Air Force and Munitions Supply Organization.*

*Comment.*

(i) The meaning of the wording of this item, it is thought, would be made clear if the word "question" were put in the plural and the word "of" in the phrase "service of nature" deleted.

(ii) As thus stated the wording clearly implies consideration of matters of purely domestic Australian concern.

(iii) A point to notice is that while like Canada, ever refusing to commit itself in advance of the emergency arising, Australia has always freely availed herself of the opportunity open to her to obtain the benefit of advice as to the solution of her problems from the Committee of Imperial Defence. Canada has never deemed it expedient to do so. (See comment under 5, below).

II—Suggested by New Zealand (Jan. 22):

5. *Consideration of not only defence of the Commonwealth as a whole but of the individual positions and requirements of each Dominion.*

*Comment.*

The Joint Staff Committee have laid down the forms and scales of attack to which Canada is exposed. They doubtless form quite as reasonable a forecast of what might occur to this country in certain eventualities as can be made. But the degree of exposure to attack is by no means all. There are also the means to be taken to ensure an adequate defence. The *territorial* defence of Canada will be assured by the measures that are being put in hand, if they are carried through to completion. But the defence of our trade on both our Eastern and Western Coasts, the defence of the important steel industry at Sydney, are questions that, as has been pointed out, demand the co-operation of other countries. Consequently, from the technical point of view, it would be of inestimable advantage were authority given to consult with the British authorities as to their plans for the defence of trade in the Eastern Pacific and the Western Atlantic.

6. *Particular consideration of the strategic importance of the Pacific Islands.*

No comment.

III—Suggested by India (Feb. 26):

7. *Defence policy in the Far East, including the security of India, Burma, and the communications between them and Singapore in a major war.*

Of general interest from point of view of British Columbia, but no comment.

8. *Defence policy in the Middle East (Suez Canal and Red Sea area).*

No comment.

9. *Future policy of Russia in relation to the defence of India.*

No comment.

IV—Position of Union of South Africa (Mar. 4):

As regards question of defence, all matters of principle have, as far as Union is concerned, been discussed and settled between His Majesty's Government in the United Kingdom and Union Minister of Defence in London last year. In the circumstances, the Union delegation will not come prepared to discuss such matters as far as Union is concerned.

No comment.

143.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 24

London, April 22, 1937

SECRET. Your despatch 25th March, No. 78. Air Council are glad to learn that His Majesty's Government in Canada have accepted scheme for grant to Canadian candidates of short service Commissions in the Royal Air Force. Immediate action is being taken to arrange details with Senior Air Officer, Royal Canadian Air Force.

As regards paragraph 5 of your despatch, Air Council have had under review their more immediate requirements in short service Officers and will be in a position to accept considerably more than twenty-five locally selected candidates this year provided they can be obtained without lowering the standard for acceptance. They would be glad to learn whether an increased number of such candidates is likely to be available and if so how many. They would also be grateful for information as to possible dates of their arrival in this country. Air Council have in mind groups of 12 to 20 candidates arriving at regular intervals throughout the year and commencing as soon as practicable.

144.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET

London, May 6, 1937

In preparation for prospective discussions at the Imperial Conference the Joint Staff Committee has submitted to you four memoranda on questions of particular significance to plans and measures for the defence of Canada.

It is of primary importance that the members of the Committee should be clearly instructed as to the extent to which these matters can be discussed in Conference committees and sub-committees of which they may be members, and as to the attitude which they are expected to adopt.

The general, and more important detailed, questions raised in the four memoranda referred to above are summarized below, and your instructions concerning these matters are desired.

1. *Reference Joint Staff Committee Memorandum dated 22 January 1937.*<sup>2</sup>

This memorandum summarizes, in Parts I and II, the views as to the requirements of Canadian defence which were submitted at greater length in a Joint Staff appreciation dated September, 1936,<sup>2</sup> submitted to you and, by you, to members of the Cabinet.

From the point of view of Conference discussions in general it is important to learn whether this paper (22nd January) meets with official approval and, in particular, whether the summary of the requirements of the Armed Forces of Canada, given in Part II, is generally accepted.

In Part III of this paper the necessity, from the Canadian point of view, of obtaining some information from the British Government concerning the measures contemplated in the event of war in the Far East, in Europe, or in both areas simultaneously, is stressed. In any one of these situations the external trade and sovereignty of Canada would be menaced and, in consequence, British plans must have a marked bearing on arrangements for Canadian defence. Permission to raise these questions is requested.

As discussions on such matters is almost bound to arise it would be of great assistance if the members of the Joint Staff Committee were to be informed as to the intentions of the Government concerning the future activities of the Canadian Defence Committee, its sub-committees and its Secretariat.

2. *Reference Joint Staff Committee Memorandum dated 22 March, 1937.*<sup>2</sup>

This memorandum deals specifically with the defence of Sydney and its steel industry, and points out the dependence of this industry on the flow of ore and limestone from Newfoundland, the defence of which is a responsibility of the United Kingdom Government.

<sup>1</sup> Le Comité interforce d'état major au ministre de la Défense nationale.  
Joint Staff Committee to Minister of National Defence.

<sup>2</sup> Non reproduits/not printed.

Permission to discuss this joint problem with the United Kingdom Service representatives is requested.

*3. Reference Joint Staff Committee Memorandum dated 9 April, 1937.*

This memorandum discusses various defence issues raised by the other Dominions, in particular Australia, and the extent to which Canada might be interested.

The main items of importance to Canada are those dealing with the security of trade in the Eastern Pacific and the Western Atlantic (pages 3 and 4 of the memo.<sup>1</sup>) As indicated previously, authority to discuss these questions with Service representatives of other Empire Governments is desired.

*4. Reference Joint Staff Committee Memorandum dated 9 April, 1937.<sup>2</sup>*

This memorandum discusses, in some detail, the points raised by the Chiefs of Staff (U.K.) in their review of Imperial Defence circulated as C.I.D. Document N.(37)1.

So far as Canada is concerned the outstanding issue raised by the Chiefs of Staff (U.K.) concerns the possibility of the development of a munitions industry in Canada through the placing of joint orders on behalf of both U.K. and Canadian Governments. The very important defence advantages of adopting this course of action have been indicated in the Joint Staff Committee memorandum referred to above (para. 5, pages 2, 3 and 4) and will not be here repeated. Approval of this development and of Service conversations designed to further it, is requested.

*5. Training for the Royal Air Force in Canada.*

A memorandum on this subject is in preparation, from which the following points are extracted:

Two schemes for the training of young Canadians as pilots for the Royal Air Force have been put forward by the R.A.F.

(i) A scheme whereby 15 candidates for R.A.F. commissions will be selected and trained by the R.C.A.F. for one year. After training they will serve with the R.A.F. for a period of active service (5 years) when they will be returned to Canada for a further period of four years service in the Royal Canadian Air Force Reserve. The cost of this training to be at the expense of the United Kingdom.

This scheme has been agreed to and will be put into effect as soon as possible.

(ii) It is understood that some time ago the Dominion Government was approached by H.M. Government in the U.K. to ascertain if a proposal for the establishment of a Flying Training School for Royal Air Force pilots in Canada would be favourably received.

<sup>1</sup> Voir/see pp. 190-191.

<sup>2</sup> Non reproduit/not printed.

It was suggested that this Station might be under the control of the Royal Air Force or the Royal Canadian Air Force as Canada might wish the cost of all training to be met by H.M. Government in U.K.

A study of this proposal leads to the following considerations:

(a) A R.A.F. Station in Canada might not be acceptable politically.

(b) A R.C.A.F. Station training personnel for R.A.F. might have to discontinue training for R.A.F. in the event of war.

(c) A Training Station already organized would be invaluable to the R.C.A.F. in the event of mobilization of Canadian Forces for war.

(d) The adoption of such a scheme will require that the Royal Air Force run the Station in the first instance until Canadian personnel can be trained.

Recommendations:

From a purely Service point of view it is recommended that a Training Station under the control of the Royal Canadian Air Force, but financed by U.K., be developed in Canada and manned by the Royal Air Force for the training of R.A.F. pilots on the understanding that it become available to the Canadian Government in the event of Canadian mobilization.

The approval of the above recommendation is desired.

E. C. ASHTON, Major-general  
 PERCY W. NELLES, Commodore  
 G. M. CROIL, Air Commodore

145.

*Le secrétaire d'État par intérim aux Affaires extérieures  
 au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs  
 to High Commissioner in Britain*

TELEGRAM 276

Ottawa, May 21, 1937

SECRET. The Acting Deputy Minister of National Defence requests that the following information be transmitted to the Secretary of State for Dominion Affairs in reply to his Secret Telegram No. 24 of April 22nd.

Begins. It is considered that an increased number of locally selected candidates can be secured for short service commissions in Royal Air Force but it is difficult to predict with accuracy the number until information respecting the scheme can be supplied to prospective candidates. This information cannot be completed for publication until details of the procedure and standard (including medical standard) to be set are received by the Senior Air Officer of the Royal Canadian Air Force. Information is requested as to whether the regulated travelling expenses of

these candidates from Canada to the United Kingdom will include the cost of the journey from their homes in Canada and if specialists' fees charged for candidates' medical boards will be borne by His Majesty's Government in the United Kingdom. If the necessary information can be supplied by telegram it is estimated that arrangements can be made for 12 candidates to arrive in the United Kingdom by the 15th June next and 20 candidates by the first of every alternate month thereafter, i.e., 1st August, 1st October and 1st December, if satisfactory to His Majesty's Government in the United Kingdom. Ends.

I note that in Despatch No. 78 to Secretary of State for Dominion Affairs, of March 25, 1937, the Canadian Government accepted in principle the selection in Canada of candidates up to maximum number of 25 a year for short service commissions in Royal Air Force. (This in addition to scheme for 15 candidates per annum trained for 12 months in Royal Canadian Air Force, approved in our despatch No. 154 to Dominions Office June 5, 1935). Details of procedure and standards to be set for candidates to be arranged direct between Air Ministry and Royal Canadian Air Force. The number of recruits now suggested, however, represents so considerable an advance over that agreed upon in the despatch of March 25, 1937, that I should be glad if Dr. Skelton could be shown this suggested reply before you forward it to Dominions Office.

146.

*Le procès-verbal, la Conférence impériale, 1937*  
*Minutes of Proceedings, Imperial Conference, 1937*

Fifth Meeting

London, May 24, 1937

SECRET

...  
It was now his [Mr. Mackenzie, Minister of National Defence] intention to review the developments in Canada from 1926 to the present day in relation to defence.

Appropriations for the three defence services, Naval, Militia and Air, showed a steady rise from 1926-7 to 1930-31.

In the year 1931-32 a substantial reduction was made.

Further reductions were made the following year and the Services were compelled to carry on at reduced votes until 1935-36 when there was a partial restoration of funds.

The grand total of appropriations for the Department of National Defence was reduced in the first two years 1931-32 and 1932-33 by \$10,000,000 or 43 per cent. (from 24 million to 14 million dollars).

In the *Naval Services* there was a total reduction in two years of \$250,000. The *Militia* by \$2,500,000, or 25 per cent., and the *Air Service* in two years by \$5,700,000, or 75 per cent.

This was the penalty which the Defence Services of Canada were made to pay during the years of depression.

Mr. Mackenzie then explained the action that had been taken in regard to the various Services.

As regards the Navy their technical advisers had reported that the minimum adequate force *on one coast* to maintain an effective naval patrol would be—

- 6 torpedo boat destroyers,
- 4 minesweepers,
- 12 auxiliary vessels.

In October, 1935, Canada possessed—

- 2 effective T.B. destroyers,
- 2 T.B. destroyers—due for retirement,
- 1 inefficient minesweeper.

During the last year Canada

- (1) had purchased 2 4-year old destroyers from the Admiralty;
- (2) had a training ship under construction;
- (3) were immediately building in Canada 4 new minesweepers;
- (4) had greatly improved their shore structures and supplies of munitions and technical equipment.

All details would gladly be given if they were required in the course of the Conferences.

It would therefore be seen that, in regard to their modest Naval Forces, substantial progress had been made during the last year.

As regards the *Militia*, the Militia Services had been completely reorganized. This was first recommended in 1932. No action was taken until a year ago. It was approved on December 4th, 1935, and completed on December 15th, 1936.

The basis of reorganization was as follows:

- (1) In 1931, the Dominion assured the Secretariat of the proposed Disarmament Conference that its land forces would, in future, be limited to:

6 Divisions.

1 Cavalry Division, and sundry fortress and ancillary troops.

- (2) The form of Militia organization had to be adapted to modern types of arms and equipment.

The principles on which the reorganization was effected were as follows:

- (1) The establishment was reduced to dimensions consistent with what could be mobilized and maintained, having regard to population and supplies.

(2) Forms of organization appropriate to modern weapons and mechanical equipment were adopted.

(3) Units were distributed in proportion to density of population and dominant occupational characteristics.

(4) Existing units were disturbed to the minimum possible extent. Efficient units, surplus to requirements, were allowed to convert to other and necessary units.

(5) The battle honours, traditions and names of existing units were preserved as far as possible.

As regards the new organization the following was a summary of the position:

(1) A few inactive units had been disbanded.

(2) *Cavalry*—36 Regiments had been reduced to—  
16 Cavalry Regiments, and  
4 Armoured Car Regiments

(3) *Infantry and Machine Gun Battalions*. 135 battalions had been reduced to 59 rifle battalions, 26 machine gun battalions, 6 tank battalions; making a total of 91 battalions.

(4) *The Royal Canadian Artillery*: had been increased by 52 new units.

(5) *The Royal Canadian Engineers*. The establishment of 26 additional Companies had been authorised.

(6) *Signals*. This corps of reorganization consisted of 1 Cavalry signal; 6 divisional signals; 2 corps signals and several smaller types of units.

(7) The Royal Canadian Army Service Corps, Army Medical Corps, Ordnance Corps, Army Veterinary Corps and the Canadian Postal Corps had all been organized.

Appropriate steps had also been taken in connection with the Militia Services to increase—

(a) periods of training, and

(b) equipment as far as possible.

As regards *Air Services* immediate action had been taken by the present Government to deal with the question of—

(1) aeroplanes.

(2) engines and repair parts.

(3) ammunition.

Of service aircraft there were practically none in Canada when the present Government took office. There were only 23 aircraft of service type, but all were obsolescent except for training purposes. Orders had been placed for 18 service type aircraft in the first few months.



In the first three months the present Government had increased the defence estimate from \$17,300,000 to \$24,400,000. In the session recently closed they had increased their defence estimates to \$38,400,000, *i.e.* they had more than doubled their estimates in 18 months of office. The increase in one year alone had amounted to \$15,000,000.

The above increase had been allotted among the Services as follows:

1. *Navy*

(A) Two destroyers		\$2,000,000
(B) Other increases, personnel, stores, minesweepers, works, buildings, magazines		\$1,832,310
	Total increase	\$3,832,310
	Increase of personnel	534
	Total personnel	2,771

2. *Air Force.* Increase \$6,706,522

(A) Stores and equipment account for about		\$5,000,000
(B) Engineer services		\$1,000,000
(C) Training and maintenance		\$ 700,000
	Increase in personnel	519 Airmen
	Total increase in 'Planes	102

3. *Militia Services.* Total increase \$5,831,502.

- (A) For engineer services and works.
- (B) Stores and equipment.
- (C) Additional militia training.
- (D) Additional permanent force personnel.

Artillery stores accounted for about \$3,000,000 of the increase and included ammunition, shells, cartridges, fuzes of various sizes and descriptions, tractors, training equipment, machine guns, anti-aircraft guns, batteries of 6-in. coast defence guns and 2,000 Bren machine guns.

In the permanent force there had been an increase in personnel of 22 officers and 173 other ranks.

The following was a summary of what had been accomplished during the last eighteen months:

- (1) They had commenced and completed the reorganisation on modern lines of the Canadian Militia forces.
- (2) They had appointed a Master-General of the Ordnance who was actively engaged upon an industrial survey for supply purposes of the entire nation.
- (3) They had appointed a Committee of the Cabinet, known as the Canadian Defence Committee, to have active supervision of defence problems.
- (4) Under the above Cabinet Committee there had been appointed an Inter-departmental Defence Supply Committee who were surveying the entire question of defence supplies.

(5) There had been appointed in the Department of National Defence a Departmental Supply Committee dealing with the three Services, and with numerous Sub-committees.

(6) Before the Delegation had left Canada the setting up of the following Sub-committees of the Defence Committee of the Cabinet had been authorized:

(a) A Committee on the Treatment of Enemy Aliens on the Outbreak of Hostilities.

(b) A Committee on Censorship.

(c) A Committee on the Treatment of Enemy and Neutral Shipping.

(d) A Co-ordination Committee.

(e) A Committee on War Emergency Legislation.

(f) A Committee on Air Raid Precautions.

(g) An Inter-departmental Supervisory Committee on the Limitation of Profits on Armaments.

(7) The essentials of the National Defence Problem of Canada had been the subject of a comprehensive study by experts. With the assistance of the War Office an intensive study had been made of coastal defences and the recommendations had been reviewed by the Canadian Joint Staff Committee. In regard to the Pacific Coast, the final recommendations were with the Department; and those in connection with the Atlantic would be available in the very near future.

During the current year about seven million dollars had been made available for Pacific Coast Defences.

(8) The Industrial Survey of Canada would take about two years. They would then have available a complete capacity classification of the leading industrial plants.

Turning to questions of priority Mr. Mackenzie emphasized that his Government attached the first importance to air development and to attaining their objective of 11 permanent and 12 non-permanent squadrons. Next in order of priority came the increase of the Canadian Naval force from four to six destroyers—with four out of the six stationed on the Pacific. Lastly they plan to have two out of their six divisions completely equipped, thoroughly modernised and mechanised, and ready for service immediately in any part of Canada.

In all their plans and preparations particular attention was being paid to the Pacific Coast. Important developments were taking place there at the present moment. The Atlantic Coast was not being neglected, but the Pacific was receiving priority of attention.

Having thus outlined what had been accomplished he proposed to indicate the nature, scope and purpose of the present defence policy of Canada. The Canadian Delegates to the Imperial Conference had the advantage of very recent expressions of opinion by the Canadian Parliament on the questions of neutrality, foreign policy and defence.

It might be useful if he were to analyse the various schools of thought in Canada. These were as follows:

(1) Imperialists who regarded Canada as an integral part of the British Commonwealth of Nations, bound to support every other member of the Commonwealth with military action and bound to accept the foreign policy of the United Kingdom Government whether that policy were arrived at independently or through consultation. Their slogan was "When Britain is at war Canada is at war and is bound to throw her full weight into the conflict."

(2) Isolationist or Nationalist or North American group, who held that Canada's geographical position and economic interest required that she should dissociate herself from responsibility for troubles in other parts of the world, especially Great Britain's European complications and her Imperial commitments in Africa, the Far East, etc. In wars arising from such situations Canada would not participate.

(3) A third group consisted of League Collectivists who would have Canada participate in international organisations for Peace. Some of these would go so far as to have Canada participate in military sanctions; others would not, if the hostilities were remote from Canada.

(4) American or North American collectivists who would have Canada join the Pan American Union as a League of Nations for the Western Hemisphere and unite with all other American nations in taking only so much interest in European and Asiatic affairs as might be consistent with purely American interests.

(5) The Moderate or Middle Group which believed in no automatic commitments either for military action or for neutrality. These would join with Great Britain or the League in war for a principle or for the safety of the liberty of the world if convinced that liberty were really threatened. But they refused to imperil Canadian security and Canadian unity by accepting in advance the propositions:

(a) that when Britain was at war Canada must automatically go to her support with all her resources, or

(b) that when the League orders sanctions Canada was bound to take action. This, by far the largest group, acted on the formula that "Parliament will decide."

The Prime Minister of Canada speaking in the Dominions Debate of 25th January, 1937, on the subject of a resolution advocating automatic neutrality held the following language:

Over and over again we have laid down the principle that as far as participation in war is concerned it will be for the Parliament of Canada to decide. Having taken that attitude with respect to participation I think we take the same attitude with respect to neutrality.

And again—

We have need for unity in our own country. Nothing can do this country more injury than internal disruptions and differences. We have need for unity

as between all parts of the British Commonwealth of Nations. I for one believe that the British Commonwealth to-day is exercising a greater influence for peace than any other force in the world. What Britain has done to appease antagonisms in the last few years is something that the rest of the world hardly begins to appreciate.

He hoped that he would be pardoned if he were to quote one or two brief extracts from his own remarks in the Canadian Parliament when the defence estimates were under discussion:

(1) . . . I cannot repeat too often that the defence of our shores and the preservation of our neutrality are the cardinal principles of the defence policy of the Dominion of Canada.

(2) I desire to suggest that the safe policy is to preserve the unity of the Canadian people, to avoid on the one hand extremes of inaction or, on the other, extremes of excessive action, and to preserve a prudent, moderate, and safe course—in other words a rational policy of domestic defence for the Dominion of Canada.

(3) The obligations of Canada are, therefore:

(i) The maintenance of internal security in the Dominion.

(ii) The maintenance of strict neutrality, law and order within our territorial waters in time of peace.

(iii) The protection of our coasts and focal areas of our trade routes in case of conflict.

It was possible that some people would criticise them as pursuing a purely national policy. It might be said that they were evading their Empire responsibilities. There were many people who disliked the phrase "Imperial Defence"—possibly because of the suggestion of domination in the word "Imperial". If the defensive resources of any part of the Commonwealth were thought by other parts not to be commensurate with their responsibilities he himself could see no objection to criticism being voiced provided that such criticism were directed to national and not Imperial defence. Such a system might be costly. General Staffs would prefer centralisation, but centralisation was impossible. Centralisation inevitably meant disunity. A system of separate national defence policies might be unwieldy and costly, but the alternative would be more costly still. The best contributions that Canadians could make either to Canada or to the Commonwealth was to keep Canada united. That was the objective of their present policy.

As in the homeland a combination of geography and economic policy had introduced a problem of military necessity and had decreed the need of adequate naval and air forces, so a similar combination in the case of Canada had produced a dominant, economic, and social problem with negligible military ramifications. The steps taken by Canada to cope with these problems were prompted by precisely the same motives that compelled Great Britain to maintain strong defence forces—the attainment of national security.

The first duty of each part of the Commonwealth was its own defence; their second was, while reserving to their Parliaments their individual rights of decision and action, to seek to co-ordinate their various defence policies

in such a way as to assist one another should the occasion arise, and to forward the cause of peace. He would therefore leave with them the following conclusions:

1. Canadian public opinion supported the present defence policy of the Government of Canada.

2. Canadian public opinion would not, under present conditions, support any larger appropriations than those voted this year by Parliament.

3. Canadian public opinion was definitely opposed to extraneous commitments but was prepared to support a National defence policy for the protection of their coasts and the focal areas of their trade routes. The most important contribution they could render at this time, when dark shadows seem to be hovering over the world, was, as far as possible, to preserve *unity* in their councils; to avoid any possibility of dissension, and to respect the heartfelt opinions and profound convictions of those who might differ from the policies which might, to others, be necessary. The nations here represented were ruled by Parliaments. The nations of the Commonwealth were happily placed in that their Parliaments still governed; in that democracy was still in the saddle and autocracy had not obtained supremacy. They were fortunate nations, fortunate in their great institutions of liberty, fortunate in the contributions their various peoples had made in building up a Commonwealth of Nations—a Commonwealth that stood for *Peace*.

They all had the greatest veneration for the contribution that had been made by the Empire, especially in recent years, towards the preservation of the peace of the world.

On this Empire Day it was fitting to recall the words of Burke:

"The ties of Empire are light as air but strong as links of iron."

Let them strive that at the conclusion of this Conference these links were not weakened by placing too much strain on them, but that, as the result of their deliberations here, and a real earnest spirit of co-operation they should be stronger than they had ever been before.

147.

*Le haut commissaire en Grande-Bretagne au secretaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 344

London, June 21, 1937

SECRET. Your telegram No. 276, May 21st, Candidates for short service Commissions R.A.F., was transmitted to Dr. Skelton who informs me that

he discussed the matter with the Prime Minister who feels that proposed extension of maximum of 25 recruits a year is a matter which he will have to discuss with his Cabinet in Ottawa before any reply can be made.

MASSEY

148.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 504

London, November 23, 1937

SECRET. With reference to cablegram No. 24, April 22nd, from the Secretary of State for Dominion Affairs to the Government of Canada, and subsequent correspondence, more particularly my telegram No. 344, June 21st, concerning candidates for short service Commissions in Royal Air Force. The Secretary of State for Air has enquired if a reply may be expected soon to proposal that Canadian quota of 25 recruits should be increased and if so to what number. The Secretary of State for Air added confidentially that it was never the idea of Air Ministry that 25 candidates should be regarded as a maximum. It is feared that if present quota is not raised, Canadian candidates, finding quota full, will come independently to England in the hope of being enlisted. You will remember that in the past some such candidates who were not accepted after a medical examination here were left stranded in London, and that then they applied to this Office for repatriation. These rejected candidates will inevitably feel a sense of severe disappointment at not having been included in scheme of local selection, which will have obviated loss of time and money. I would be glad to know what reply I am to return to enquiry of Secretary of State for Air.

MASSEY

149.

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

Ottawa, March 19, 1938

RECRUITMENT OF CANADIANS FOR U.K. AIR FORCE  
(Short Service Commissions)

On December 21, 1937, the Dominions Office were informed that the Canadian Government would prefer not to increase the number of Canadians sent to England for this purpose beyond the presently authorized 25 per year.

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

It was stated that it was desired not to prejudice the position in Canada regarding recruitment at a later date of this type of candidate for the Canadian Air Force.

As regards the previous proposal that 20 per month or 240 per year be provided, this Department, as instructed, requested the opinion of National Defence as to whether or what part, of this number could justifiably be sent without prejudicing future recruitment for the Canadian Air Force.

National Defence have now advised "that half the number previously proposed might well be spared, i.e., up to 10 per month or 120 per year."

If this is approved it is for consideration whether the further communication to the Dominions Office should go direct or through Sir Francis Floud, and also what explanations should be included in the communication.

150.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 13

Ottawa, March 22, 1938

SECRET. My telegram No. 67 of December 21, 1937.<sup>1</sup> Canadian candidates for Short Service Commissions in United Kingdom Air Force.

This matter has been re-examined by Canadian Government and it is now believed that the number of candidates can be increased to ten per month or 120 per year without prejudice to the position in Canada; though it will be understood that this cannot be regarded as a commitment.

It will be satisfactory that the technical arrangements shall continue to be made direct between the Air Ministry and Senior Air Officer, Royal Canadian Air Force.

151.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 15

London, March 25, 1938

SECRET. Short Service Commissions in Royal Air Force. His Majesty's Government in Great Britain are most grateful for your telegram of the 22nd March, No. 13, from which they are very glad to learn that it is now believed that number of Canadian candidates can be increased to 120 a year. The last paragraph of your telegram is noted.

<sup>1</sup> Non reproduit/not printed.

152.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

STRICTLY CONFIDENTIAL

May 13[sic], 1938

... (5) *Re: training air pilots in Canada.* On Monday, May 16th, I received a communication early in the morning that Sir Francis [Floud] had an important matter to speak to me about, and would like to see me, if possible, in the morning.

I saw him at my Office at a quarter to eleven, and had a half hour's conversation with him. Sir Francis stated that the British Government were much concerned about the air situation in Great Britain. At one stage, he said he thought they had got cold feet in discovering that the Germans had gone ahead so much more rapidly and further than they had anticipated. There was not opportunity in Great Britain for proper training of pilots for the class of plane which was now being used. The problem was really one of air congestion. England was a small country, thickly populated; the spaces available for training pilots comparatively few and close to thickly populated centres. The best spaces were either reserved for park purposes, scenic beauty, etc., or the most fertile farming land in the country. He wanted to know if we would be agreeable to having the British Government construct flying fields in Canada, erect aerodromes, send in necessary machinery, etc., and arrange for the training of numbers of their pilots in Canada. They would like to have those Canadian pilots who were to go to England for training later, to receive their preliminary training here.

In reply, I said that the question was not a new one. It had been raised a year or two ago; was discussed again with Ministers and officials of the Canadian Government when in London, at the time of the Conference. That the position taken was that any step of the kind would be certain to create suspicion, and arouse criticism on the score that an effort was being made to create Imperial forces, and to bring about a condition whereby Canada would be committed to participation in a European conflict. That, as he knew, the policy of the Government was to avoid commitments either with respect to neutrality or participation in wars in which other parts of the [?] at the time, in the light of all existing circumstances. Meanwhile, if a step such as was suggested were taken, it would certainly force an issue in Canada at once which would disclose a wide division of opinion, something that would do the Empire more harm than good by, first of all, creating disunion within Canada, and secondly, prejudicing in advance the position that might be taken at a later time, and, secondly [sic], creating a condition which would be helpful to any potential enemies rather than to the United Kingdom.

I explained how careful we had to be to avoid issues of the kind being raised, if we were to keep Canada and the Empire united. I enlarged upon the discussion that would certainly take place in Parliament, also in the Press,

<sup>1</sup>Le Premier ministre à O. D. Skelton/Prime Minister to O. D. Skelton.



etc., and the probable drift more strongly towards complete isolation were it to be thought that pressure was being placed upon the Government by the British Government to make anything in the nature of commitments for war purposes, or to permit courses of action which would be misunderstood. Sir Francis asked if any objection would not be overcome by the knowledge that the British Government are prepared to spend large sums of money, etc.; that Canada's unemployed and industries would profit largely therefrom. I replied that this would only aggravate the situation. Canadians would not wish to have the British Parliament vote moneys to be spent on projects of their own in Canada, for war purposes, any more than they would wish to have American moneys appropriated for military roads in the Dominion as had been suggested in connection with the proposed Alaskan Highway.

Sir Francis asked if he might send me a note on the subject. I replied that was entirely for him to decide himself. If he asked me what I thought was best in the matter, I believed it would be much better not to get into writing in matters of the kind which would make the situation one of definite proposals rather than preliminary exploration. That if he wrote me, I would have to reply in writing. If I were subsequently asked if the British Government had sought to put pressure on the Canadian Government to undertake war projects in Canada, I would have no alternative but to admit that such was the case, and state frankly what the matter was. Sir Francis then said that he would not send a note . . . .

(6) *4.00 p.m. Monday. Meeting with members of Air Mission.* Sir Francis Floud introduced Mr. Weir, and four other members of the Mission. After I had said a few words, to the entire group, of welcome and of explanation of the desire of the Government to co-operate, and of the necessity of avoiding questions and divisions of opinion arising on Defence matters in Canada, Sir Francis asked if Mr. Weir and he might remain to have a word by ourselves.

When the others retired, Mr. Weir, of his own initiative, began the conversation much along the lines that Sir Francis had opened his with me in the morning. It was clear that Sir Francis had been talking with the Mission the night before, and had come to me in the morning presenting a request which had come from Mr. Weir rather than as a result of some despatch received from Great Britain.

Weir spoke of the problem being one of air congestion—that space was needed for training; that young men thought more of their machines than the directions they were likely to go in; danger of air collision, etc., etc.—and particularly of long range development. He spoke at some considerable length of the latter aspect. After he had finished talking, I repeated to him what I had said to Sir Francis in the morning. He then asked me if I would agree to technical discussions taking place with officers of the Defence Department on the matter to disclose the need for the proposals he was making. He repeated the question in another form and said: "Would you refuse technical discussions?" I said to him: "No, not so long as they did

not involve commitments". He then said that the discussions would be of little value unless something was to come of them. He said that a refusal meant an unwillingness to allow space in the air. I replied that we would agree to cooperate to the extent of all the space they might wish but that was not what was wanted. I confess I did not at all like Weir's attitude in speaking. He kept twirling his hat on his knee and talking with a perpetual smile on his face, expressing his feelings with movements of his head and his hands. It seemed to me that his attitude was one of seeking to corner or embarrass me. He then asked me if I did not want anything said about the request that had been proffered and the Government's attitude toward it. My reply was: "That is just as you wish. It might be well, however, to ask yourself what would probably happen once the matter was stated in the form of the British Government having asked for the permission to construct air training ports in Canada, and to train their air pilots here. Papers like the "Montreal Gazette" would immediately come out with editorials corresponding to the speech which Bassett had made in Hamilton, a night or two ago, which would say that Canada should make an air force a contribution to Empire Defence, and bear the expense of the whole of it herself. The Winnipeg Free Press would come out with an editorial, in all probability, along the lines of Mr. Ferguson's broadcast, saying Chamberlain's government was seeking to draw Canada into a war that would still further help to crush freedom and help the dictators. Papers of lesser importance would take one or other of these sides; meetings would be held in Quebec and elsewhere, and soon we would have the country divided over an issue which would disclose a wide cleavage of opinion in a manner which would undoubtedly be welcome[d] by the aggressor nations, at this time, and which would probably have the effect of preventing anything in the nature of united action at a time of real crisis." All I wished to do was to present what I saw as the probable situation, and they must then do as they thought best.

Sir Francis then said that one of the advantages of Canada was that we had all kinds of weather here; also great distances; moreover, we were nearer England than any other Dominion. That to train in Africa or Australia, or New Zealand would mean risks of the distances between. Moreover, they were anxious to have young Canadians as pilots, and they would get their training here first. I replied that what he had said was wholly apparent, and that, on the other hand, what I had said was equally true. The policy of the Government was to declare neither for neutrality nor participation in war, in advance, but to allow Parliament to decide Canada's position when the time came. This might not be an ideal policy but it was the best so far as this country was concerned. That my desire was to keep the country united; that I believed if divisions arose before actual situations had been confronted, the result might be very serious. Sir Francis then said that the matter had only been mentioned by himself, and Mr. Weir, to me. They had spoken of it to no one else. I said I had told my colleagues of my conversation with Sir Francis in the morning. There was a very full Cabinet, and, I might say, there was practical unanimity of opinion.

153.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

June 19, 1938

## THE IMPERIAL-FLYING-SCHOOL-IN-CANADA IDEA

1. Whether there is more in it than kite flying and who all are pulling the strings remain to be seen; but apparently the idea is to have the Imperial Air Force set up a flying school somewhere in Canada to train their fighting pilots (to say nothing at this point of the probable Canadian recruits)—in short, a military station put down in Canada, owned, maintained and operated by the Imperial Government for Imperial purposes. Long ago Canadian Governments finally nailed down the constitutional principle that in Canadian territory there could be no military establishments except they were owned, maintained and controlled by the Canadian Government responsible to the Canadian Parliament and people. In the end the Imperial naval stations and army garrisons were withdrawn and Canadian authority took over. No man in his senses can imagine, at this date, a reversal of that principle and that historic process. Such domestic ownership, maintenance and control of all military stations and personnel is one of the really indispensable hall marks of national sovereign self government. Outside its homeland a state may have military stations and quarter military personnel in countries which it "owns"—in its colonies or "possessions", or in its mandated territories according to the trust deed,—or in countries over which it has assumed or been yielded, by some arrangement, what amounts to a protectorate (e.g., Egypt, Iraq). But no country pretending to sovereign self control can permit such a state of affairs or its international implications and consequences (e.g., Belgium and Holland have studiously avoided permitting others to do any such thing, air, naval or otherwise, either in Belgium or Holland or in Belgian or Dutch Colonial territories). It need only be mentioned here that this thing has to be sharply distinguished from the case of actual war where a country may have to permit its partners, associates or allies to maintain, operate and control military establishments and forces within its territory, forced to do so by the actual strategic or tactical necessities and for the purposes, but only for the purposes, of the actual joint war.

2. Apart from the constitutional angle, the idea behind the kite presents other not negligible implications. Presumably the Imperial Air Force would want to use such a flying school in Canada to train the young Canadian recruits for short service commissions already coming in under existing schemes. A very natural consequence would be an immediate increased flow of Canadian applicants; while it would probably also turn out in practice that these would apply to and be directly selected by the Command of the Imperial School, so that there would be no such limitation of numbers as

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<sup>1</sup> De/by L. C. Christie.

the participation of the Canadian Government in existing schemes in effect now provides. Looking at Canada's interests and resources, two special practical aspects arise. The country has long suffered—from other kinds of magnets, mainly southward—a severe draining of its enterprising, promising youth on whom much effort and capital to rear and educate them has been expended. As regards these particular young men, those of them who, after working out their 5 year term in the Imperial Air Force, should manage to continue on in that service would be lost to Canada for good; while those who thereafter should return to Canada might well find themselves crippled for a career unless they could be guaranteed in advance opportunity in Canada to continue in the profession for which their 5 years' commission would have trained them. The drainage of our most valuable resource will likely continue to be serious enough even when left to natural causes unaided by official measures; but it would be a strange conception of Canada's interests and of the value of our human resources which would demand that government itself should actually encourage or participate in measures which would be calculated to increase the drain or to do a disservice to the careers of the young men concerned. (These considerations apply today to the 120 or so per year whom the Canadian Government are examining and selecting to take such commissions under existing schemes.)

3. Another implication arises. The scheme of these short service commissions means that the Canadian recruits would be bound to serve with the Imperial Air Force for 5 years. European states and others, while exerting efforts to avoid the contingency, are also acting on the assumption that their policies, preparations and alignments must be reckoned as if they must participate in war within a measurable period. Nothing nowadays allows the adoption of a "5 year rule" in that regard for purposes of everyday working decisions. It is accepted in Canada that the people are not committed to active participation in advance; that Canadian participation, if any, and then its character and extent, are for Parliament to decide at the time in the light of the then circumstances. What could be said in morals if the Government itself took a position which in effect would encourage or connive at the singling out of these young Canadians for commitment now while at the same time keeping a free hand for the rest of us? (This also applies to the 120 or so per year now going forward under existing schemes.)

4. In sum, the idea behind the kite flying is one that cannot be defended on grounds of constitutional principle, of history, of patriotism, or of morality.

5. Such being the character of the idea, the kite itself seems bound to take on a greater interest as an invitation to speculation. If the Air Ministry and any others in London have really had a hand on the strings, what does it mean? Does it mean something tough and hard boiled, or is it desperation, or is it simple, childish innocence? Whatever it may have meant on that side, more responsible people there will doubtless disown it. But the somewhat enigmatic Canadian part in the kite invites the more interesting speculation. Is it only a piece of paper, or is it a portent?

154.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

Ottawa, June 22, 1938

## PERSONAL

My dear Prime Minister,

I have read with some concern the replies given in the Senate by Senator Dandurand in answer to questions put by Senator Meighen on the 14th, 15th, 21st and 22nd instant in regard to the establishment of British Government aviation training schools in Canada.

In particular I am concerned about Senator Dandurand's precise statement of June 15th that "there has been no request from the British Government to the Canadian Government in any shape or form concerning the matter mentioned in the query of the right honourable gentleman", although this has been qualified since by the further reply given today that there have been conversations of an informal character on the subject.

The facts are that on May 13th I was informed by the Secretary of State that, in connection with the visit of the Air Mission, the Government of the United Kingdom desired that the Canadian authorities should be approached as to the possibility of the establishment of flying training schools in Canada to train pilots for the Royal Air Force, the whole cost of which would be borne by the Air Ministry.

I considered that this was a matter which should in the first instance be put before you and accordingly I saw you on the subject on the morning of May 16th.

At that interview I endeavoured to put before you the grounds on which the proposal of the United Kingdom Government was based and the importance and value which they attached to the grant of the facilities desired.

I certainly considered that I was making a definite request to you on behalf of the United Kingdom Government. You will remember, also, that I asked you whether I should put the request in writing in the form of a letter or memorandum but you said that this was unnecessary.

The question was mentioned again on the afternoon of the same day when I saw you with Mr. Weir, and he then supplemented the case for the proposal which I had put to you in the morning. You told us that the proposal had been discussed with your colleagues in the course of the day but that they were practically unanimously opposed to it.

In these circumstances I reported to the Secretary of State that the proposal had been put to you but that it was not acceptable to the Canadian Government.

I would add that it would be a matter of great regret to me if the manner in which I handled the question has caused you any embarrassment, but I feel bound to put the facts on record from my point of view in case there is any suggestion that I failed to carry out the instructions I received on the subject from my Government.

Yours very sincerely,  
F. L. C. FLOUD

155.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

516X/5

Ottawa, June 24, 1938

PERSONAL

My dear Prime Minister,

Since I wrote to you on the 22nd instant as to the establishment of British Government Aviation Training Schools in Canada I have read in Hansard the full text of the further questions and replies on the subject in the Senate on that day.

Senator Dandurand said that "some informal conversations have taken place with persons who did not indicate that they had been authorized or instructed by the British Government to make any proposals".

If this is intended to refer to the interviews I had with you on May 16th, I feel sure that you will agree that it is open to reasonable objection. If the matter is raised in the House of Commons in London the Government would have to say that I was acting on their instructions and on their behalf in the approach I made to you.

In view of Senator Meighen's supplementary question whether "the informal conversations were not with a person who might reasonably have been expected to have been feeling out the position of this Government on behalf of the Government of Britain", I ought perhaps to assure you that the matter has not been mentioned to any one outside this Office and that I am satisfied that the information on which Senator Meighen's questions were based was not derived from me or from any member of my staff.

I am, of course, at your disposal if you should wish to discuss the question with the view of clearing up the serious misunderstanding which has arisen.

Yours very sincerely,  
F. L. C. FLOUD

156.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, June 24, 1938

My dear Sir Francis,

I have your letter of June the 22nd in reference to the replies given in the Senate by Senator Dandurand "in answer to questions put by Senator Meighen on the 14th, 15th, 21st and 22nd instant, in regard to the establishment of British Government aviation training schools in Canada".

May I say that the replies made by Senator Dandurand are wholly in accord with my understanding of the significance of the interview I had with you, in my Office in the East Block, on May the 13th [*sic*-16th]. I understood that the purpose of the interview was solely that of ascertaining how a proposal of establishing training schools in Canada under the Air Ministry of the United Kingdom might be viewed, should it be put forward by the Government of the United Kingdom. At no time did I gather that anything in the nature of a request was being proffered. Indeed you gave me every reason to believe that the purpose of the interview was simply exploratory and in the nature of an enquiry. Moreover you impressed upon me the desirability of there being the utmost secrecy with respect to the matter discussed. I understood it was your wish that the conversations themselves should be regarded as wholly confidential, and, in fact, preferably for the Prime Minister only. So much was this the case that I said to you I would like to have the privilege of telling my colleagues of your enquiry with a view to seeing whether their views coincided with my own.

You will, I am sure, recall that when you brought up the subject, my reply was that it was one which I understood had been discussed on occasions in the past but had never been officially put forward or considered, and that I assumed this was because it had been felt that any step of the kind would be certain to give rise to controversy. I stated that there would certainly be controversy, were such a proposal put forward. I gave you quite frankly what I thought would be the opposing points of view, and how they would be presented, and said I felt it would be unfortunate, with the world situation what it is, were occasion to be given for such a controversy.

You asked me whether I thought the matter might be differently viewed were it known that the British Government would incur all expenditures itself and be prepared to make a considerable outlay. My reply was that while the people of Canada were ready to make and in fact were making on their own account expenditures necessary for the establishment in Canada of training schools for aviation, I did not think that the objections to having such schools established in Canada under the Air Ministry of the United Kingdom would be lessened in any way because of outlays in money which such an establishment would involve.

At one stage of the interview, you asked me whether you should write me on the matter. I said to you, in reply, that that was entirely for you yourself to decide. I pointed out that you had impressed me with the necessity of the utmost secrecy being kept with respect to your having brought the matter forward for consideration. I then added that as I was certain to be questioned in Parliament regarding all matters of the kind, I would wish to be at liberty to bring down all correspondence, and that if you wrote me I, of course, would send you a reply, and it must be understood that both your letter and my reply would have to be available for tabling in Parliament. You thereupon said that you would not write.

In reporting the conversation to my colleagues in the Cabinet, I stressed the fact that you had not made any request. I spoke in appreciative terms of the manner in which the subject had been presented which, I said, I believed had been due to a desire to avoid the possibility of embarrassing either the Government of the United Kingdom or our own Government in a matter which it was recognised was one which was certain to occasion controversy.

At the morning interview, you asked me if I would meet the members of the Air Mission during their stay in the city. You told me that they had no desire to interview me in any official way; that they simply wished to meet me personally while in the Capital. I said I would be pleased to receive the members of the Mission, and did so, at my office in the House of Commons, while Parliament was in session.

At the time I was meeting the delegation, I was asked by you if I would object to having Mr. Weir remain behind for a personal word, along with yourself. I gladly acquiesced in this. The interview, as you will recall, ran along lines parallel to that of our conversation of the morning. I thought its sole purpose was that of enabling Mr. Weir to be made acquainted with aspects and considerations of which he might wish to know more particularly. At no time did I assume, or have any reason to assume, that Mr. Weir was making any request of the Government, or that he had any authority so to do. You will recall that, at the end of the conversation, you emphasized its wholly confidential character.

I hope you will not mind my drawing your attention to the wording of successive paragraphs in your letter as they appear to confirm the view which I had at the time as to the precise purpose and nature of the interview.

In your letter, you say:

The facts are that on May 13th I was informed by the Secretary of State that, in connection with the visit of the Air Mission, the Government of the United Kingdom desired that the Canadian authorities should be approached as to the possibility of the establishment of flying training schools in Canada to train pilots for the Royal Air Force, the whole cost of which would be borne by the Air Ministry.

The use of the words "approached" and "the possibility" in the sentence "the Canadian authorities should be *approached* as to *the possibility* of the establishment, etc." would seem to signify something quite other than a request.



In the next sentence, you say:

I considered that this was a matter which should *in the first instance be put before you* and accordingly I saw you on the subject on the morning of May 16th.

The words "should in the first instance be put before you", in this paragraph, would seem to indicate that the interview was exploratory, and that before any request was made, there would, of necessity, be further conferences.

In the third paragraph, you say:

At that interview I endeavoured to put before you the grounds on which *the proposal* of the United Kingdom Government was based and the importance and value which they attached to the grant of the facilities desired.

I do not recall the word "proposal" anymore than the word "request" having been used in the course of the interview. Apart from this, however, had it been used, to my mind, it would have had a significance quite other than that implied in "an approach" "as to the possibility" of something. Even a proposal concerning a matter is something quite different from "a request" from one Government to another.

In the next paragraph, you say:

I certainly *considered* that I was making a *definite request* to you on behalf of the United Kingdom Government. You will remember, also, that I asked you whether I should *put the request in writing* in the form of a letter or memorandum but you said that this was unnecessary.

May I say that had the matter been presented to me as a request of the Government of the United Kingdom, I would certainly have asked that it be presented in the form of a letter or memorandum. I would never have permitted the matter to remain in a form which could permit of either doubt or question.

In the next paragraph, you say:

The question was mentioned again on the afternoon of the same day when I saw you with Mr. Weir, and he then supplemented the case for the proposal which I had put to you in the morning. You told us that the proposal had been discussed with your colleagues in the course of the day but that they were practically unanimously opposed to it.

Here I should perhaps point out that you returned to the use of the word "proposal" and do not speak of it as a request. What I said to you concerning my conversation with my colleagues was not that they were opposed to the proposal, but that they concurred in the view which I had expressed that, if put forward, the matter was one which would certainly give rise to controversy. The matter was not considered by the Cabinet as one with respect to which a decision was being asked. Indeed nothing more was discussed than the question of possible controversy arising should the matter be put forward. What I said to you and Mr. Weir was that I found the opinion of my colleagues, generally speaking, was in accord with my own.

You refer, in your letter, to the concern which the replies given by Senator Dandurand in answer to Mr. Meighen's questions has occasioned you. You will perhaps be able to imagine what my concern as well as amazement has been that the Leader of the Conservative Party in the Senate should have

felt he had such knowledge of the interviews between us as would justify him in making their purport a subject matter of discussion in Parliament and in the Press. You may imagine with what additional amazement, I have since read in the Press despatches from Great Britain also purporting to be based upon what was said in these interviews. Perhaps, before we proceed further in this matter, you will be so kind as to have enquiries made as to the sources of these despatches. I would ask, in particular, whether the conversations I had with you and Mr. Weir were in fact confidential and informal, or whether, in your opinion, the opposite was the case.

Like yourself, I greatly regret that this matter has occasioned the embarrassment it has. If I have found it necessary to reply to your letter in the detailed manner in which I have, it is because, like yourself, I feel bound to put on record the facts as I recall them.

That my own position and that of the Government of Canada may not be misunderstood by the Government of the United Kingdom, I should be obliged if you would kindly see that a copy of this letter is duly forwarded to the Secretary of State from whom your instructions on the subject were received.

Yours very sincerely,  
W. L. MACKENZIE KING

157.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

516X/6

Ottawa, June 27, 1938

PERSONAL

My dear Prime Minister,

I have to acknowledge the receipt of your letter of the 24th instant as to the questions in the Senate regarding the establishment of British Government Aviation Training Schools in Canada. I am sending a copy of it to the Secretary of State by the next mail.

After the interview you were good enough to give me this morning I do not think it is necessary to pursue the matter and I will only say that I am exceedingly sorry that there should have been any misunderstanding as to the purpose and nature of our interviews on May 16th.

I was particularly glad to learn from you that there was no suggestion that the information on which Senator Meighen's questions were based was derived from me or from any member of my staff.

Yours very sincerely,  
F. L. C. FLOUD

158.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

PARAPHRASE OF TELEGRAM 26

Ottawa, June 28, 1938

CONFIDENTIAL. Following from Prime Minister for your Prime Minister, Begins: The publicity given in the United Kingdom and in Canada to conversations last month as to possibility of establishing United Kingdom Air Force training schools in Canada is having unfortunate results. My definite impression was that such conversations were exploratory with a view to ascertaining whether it would be expedient to put forward such a proposal and also that they were entirely confidential. Of recent months I have sought assiduously to avoid public discussion of any questions which would be inopportune at the present time and might increase the difficulties of the international situation. I considered that a proposal of the kind indicated, if put forward, would be certain to create an unfortunate controversy throughout Canada. This attitude is being represented as a refusal of a request which has been made by your Government. It may be that the publicity which has been given in London and the questions which are consequently being asked in Canadian Parliament will make it impossible for the Canadian Government to refrain from stating definitely what its attitude would have to be if any such proposal were made. If it is necessary to reply to questions I shall if possible limit my answer to saying that any conversations on the matter had been exploratory and confidential and that the Government's policy will be stated only as and when occasion so to do arises.

I would be pleased to hear from you as to whether more was intended in the instructions sent the High Commissioner for the United Kingdom whose representations seemed to be as herein stated and to be presented in an entirely appropriate manner. Ends.

Message ends.

159.

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

July 2, 1938

## BRITISH AVIATION TRAINING SCHOOLS

Sir Francis Floud, when in this morning, spoke of the debate which had taken place yesterday in the House of Commons. I told him that the reply<sup>2</sup> from Mr. Chamberlain had reached you just before the debate.

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

<sup>2</sup> Non reproduite/not printed.

He expressed regret that it had not been possible to arrange for an agreed statement between yourself and himself. I said that I did not see how that could have been done. It would have been necessary to have an agreement with Mr. Bennett and Mr. Meighen as well. You had definitely decided not to raise the question yourself, and if it were raised, not to go into the merits or the constitutional principles involved unless compelled to do so. The question raised by the Leader of the Opposition and the misrepresentations which continued to be made, left no option, however, but to state the Government's position definitely.

Next he said he thought there was some misapprehension as to the exact nature of the suggestion. What had been in mind was really that schools should be established, officered and controlled by the Canadian Government, at which Canadians who wished to enter the Royal Air Force and United Kingdom pilots as well, might be trained, the expenses being met by the United Kingdom. I told him I had heard you refer to this point. If that was what was in mind, it was a pity it had not been clearly and definitely stated. Your definite understanding had been that the schools were to be under the control of the Air Ministry, and it was difficult to reconcile any other arrangement with the statement that the United Kingdom was to meet all expenses, also that letters should have referred to British and Canadian schools—(see also Chamberlain's cable).

On the third point, as to the source of the leakage, he said he understood that Inskip definitely and emphatically denied having spoken to Drury on the subject—in fact, said he did not know of the proposition until afterwards. Evidently there is some tall prevarication somewhere.

160.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

516X/17

[Ottawa] July 7, 1938

SECRET

My dear Prime Minister,

With reference to our interview at your office on the evening of July 5th, I telegraphed at once to my Government calling their special attention, at your request, to the two passages in your speech in the House of Commons on July 1st, which you wished to convey to them. I added that you had told me that, if the United Kingdom Government wished to send a representative here to explore the possibility of working out a scheme for the provision of facilities in Canada for training candidates for the Air Force, the Canadian Government would be glad to cooperate and that the Minister of National Defence and his Department were already considering the best method of providing the facilities desired.

At the same time I enquired whether there had been any supplementary questions in the House of Commons in London following on the question on July 4th by General Sir Henry Page Croft, and I added that if not you would be glad if arrangements could be made to have a question asked and answered on the lines which had been contemplated in the event of supplementary questions being asked.

I received late last night a telegram from the Secretary of State instructing me to express his warm thanks for your helpful message. The United Kingdom Government gratefully accept your offer and they will gladly arrange to send out an officer, as you suggested, to consult with the authorities of the National Defence Department.

There were no supplementary questions following on General Sir Henry Page Croft's question on the 5th July and it has, therefore, been arranged that a question should be asked and answered in the House of Commons today in the following terms:

*Question*

Has the attention of the Secretary of State for Air been drawn to the statement of the Prime Minister of Canada that the Dominion Government were quite prepared, in connection with their own establishment, to help in affording facilities for the training of pilots for the Royal Air Force if that will be of service; and whether he has any statement to make.

*Answer*

Yes, Sir. An offer in this sense has been communicated to His Majesty's Government in the United Kingdom by the Canadian Prime Minister through the United Kingdom High Commissioner. A reply has been sent expressing warm appreciation of the offer and arrangements are being made in accordance with a suggestion of the Canadian Prime Minister for an Officer to be sent immediately to Canada to explore in co-operation with the Canadian Government the possibility of working out a scheme for training facilities in Canada.

Yours very sincerely,

F. L. C. FLOUD

161.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 11, 1938

TRAINING OF AIR PILOTS

Sir Francis Floud called this afternoon and said he would like to discuss the latest developments in this situation.

[Group] Captain Robb had seen him this morning and informed him of the conversation with the Prime Minister and his colleagues of yesterday. Sir Francis said he was greatly surprised to learn that the Prime Minister considered there had been a change in the original proposal so far as regards the source of the personnel for the training school. The British idea from the be-

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

gining had been that the schools to be set up in Canada would provide instruction for at least the 120 Canadian candidates now going to England, and who might be supplemented by candidates from the United Kingdom. He said he thought this had been made clear in his own conversations with you and the conversation with Weir and himself. He read me a telegram he had sent to the Dominions Office following the first interview, in which he stated that he had discussed with you the possibility of establishing schools for training Canadian candidates for the Royal Air Force, together with some candidates from the United Kingdom. He stated he had also referred to the possibility of candidates coming from other parts of the Empire to Canada for the same purpose, though this was not mentioned in his brief telegram to the Dominions Office.

I told him I had no doubt, since he said so, that that was what was in his mind, but it certainly was not the impression the Prime Minister had received. I had seen the Prime Minister's detailed notes<sup>2</sup> of the conversation and had been advised of the conversations he had had with his colleagues, and there never was the remotest suggestion in any of these conversations of anything other than British flyers being involved, and this was further made clear by the continued emphasis on the need for greater space and climatic variety than could be obtained in England. Sir Francis asked if, in that case, it would not be absurd for some hundreds of Canadians to go over to England to train and some hundreds of Englishmen come over to Canada to train. I told him the question of the Canadians going over to England to train had not been particularly emphasized in the discussion, and in any event, your understanding had been that the training was of a different type—Canadians going over for entirely preliminary training in England and British flyers coming here for a sort of postgraduate course in the special conditions that Canada afforded. In any event none of your colleagues had received any other impression and the position was made abundantly clear in your statement in Hansard, in which you stated definitely that the proposition that you were prepared to recommend was for British flyers to come to Canada for training in Canadian schools.

Sir Francis said that he understood from Captain Robb that the Government was entirely opposed to any plan of training Canadians in Canada. I said no decision had been reached on the merits of the question. Your view was that we first should try to understand what was the present proposition that was put forward and why it differed from what we understood to be the original proposition. When these facts were definitely in possession of the Government, the Government would then go into the merits of the proposal.

Sir Francis said he could not see the difference in principle between sending 120 Canadians over to England and training 120 Canadians in Canada. Was the difficulty which members of the Government felt in the scheme based wholly on the difference in numbers? I said there were substantial differences which amounted to a difference in principle, not only in the numbers but in

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<sup>2</sup> Voir le doc. 152/see doc. 152.

the much greater direct responsibility which the Government would have for the whole scheme, the possible expense, and the implications of a continuous use of Canada in peace and in war as a basis of recruiting for United Kingdom military forces.

Sir Francis asked what he should do in the matter at present. I said I did not think it was necessary for him to do anything. I would inform you of the views he had expressed. There was no special urgency, as it was not the intention of the Government to decide on the question until they had all the facts before them and until pretty full meetings of Council were possible, including the Minister of National Defence. Sir Francis said he had told Captain Robb this morning that he thought it was not necessary for him to send any communication to England regarding yesterday's conversation, pending further discussion. I told him I thought that was wise. Sir Francis said he regretted that he had apparently failed to make clear to the Prime Minister what was the essence of the original British proposals. I told him I could quite understand how a difference of opinion would arise in verbal discussions when the parties had different backgrounds and assumptions.

Some reference was made to the recent press publicity. I told Sir Francis that you did not consider that in this instance the leakage had come from British sources.

162.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 12, 1938

AIR SCHOOLS

Mr. King enquired this morning by telephone as to Sir Francis Floud's communication of yesterday. I told him that a summary of it was going out by the first delivery today. The gist of it was that Sir Francis had contended that from the first interview he had made it clear that the scheme was to cover Canadian pilots as well as some from the United Kingdom. Mr. King said this was emphatically not the case.

Mr. King referred to some correspondence about 1936<sup>2</sup> in which Mr. Ian Mackenzie had indicated the desire of Lord Swinton to establish flying schools in Canada. Swinton had stated that they now had a school in Egypt and would like to extend this to Canada. The Canadian Government at that time had declined the suggestion and had indicated that it was intended to develop our own schools. The recent policy of the Canadian Government was entirely consistent with that statement.

Mr. King said it would be advisable to get full particulars as to the British school in Egypt, how it was officered, how administered, whether the recruits were British or Egyptian, any financial arrangements, etc.

<sup>1</sup> De/by O. D. Skelton.

<sup>2</sup> Voir les doc. 135 à 137/see docs. 135-137.

Mr. King indicated that the discussion on August 10 had cleared up to some extent the reason why it was not possible to expand any one landing field indefinitely to accommodate additional pilots in training, because of the congestion in the landing field and the space immediately surrounding it through increased numbers of machines.

I referred to the statement of Commodore (now Air Vice Marshal) Croil on the same occasion to the effect that not one single service aircraft was available for the present training of Canadian pilots. It seemed to me absurd that we should be thinking of expending millions on training men for the British Air Service before we had begun to put the training for the men of our own Service into adequate shape. It seemed desirable to review the whole Canadian air situation as regards training and actual defence effectiveness, in order to be able to fit any scheme that might be adopted in connection with the British Government's request into the Canadian picture, both as regards the proper perspective and the proposed co-ordination. Colonel Drew and other critics had called attention to the inadequacy of the Canadian Air Service and much more would be heard of such criticisms in the next few months.

163.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

516X/28

Ottawa, September 3, 1938

My dear Prime Minister,

I enclose for your information and consideration a summary<sup>1</sup> of the plan for the training of Pilots in Canada for the Royal Air Force which has been drawn up as a result of the discussions which have been taking place between Group Captain Robb and the officers of the National Defence Department. A copy of this summary has been submitted by the Department to the Minister of National Defence.

You will observe that the plan has been formulated subject to considerations of policy and finance. Estimates of the cost of the plan are still under consideration and its financial aspects generally will have to be examined further when the questions of policy involved have been settled.

I hope, however, that it will be possible for you to consider now the policy of the proposed plan, and it would be a matter of great satisfaction to me if you were able to let me know before my departure at the end of next week that the Canadian Government are prepared to approve the plan in principle.

It would, of course, replace the two existing schemes for the training of Canadian candidates. The scheme under which 15 cadets each year have

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<sup>1</sup> Non reproduit/not printed.



been trained by the Royal Canadian Air Force in Canada for subsequent service in the Royal Air Force would be discontinued, and the 120 candidates each year who are being locally selected and medically examined would be trained in Canada instead of being sent to the United Kingdom for that purpose.

I know that the United Kingdom Government would be very glad to learn that the proposed plan met with your approval as it would help materially to relieve the increasing difficulty of providing adequate training facilities in the United Kingdom for the great expansion of the Royal Air Force which is taking place.

I may add that Group Captain Robb proposes to return to England next week in order to report to the United Kingdom Government on the result of his discussions, and I enclose the draft of a press communiqué on the subject which I hope you will be prepared to approve.

Yours very sincerely,

F. L. C. FLOUD

[PIÈCE JOINTE/ENCLOSURE]

*Projet de communiqué de presse*

*Draft Press Communiqué*

Group Captain Robb of the Royal Air Force has completed a survey of the position in regard to the question of training facilities in Canada for the Royal Air Force, in the course of which he has received every possible assistance from the Department of National Defence. In the light of his inquiries he has made certain suggestions to the Department which have been embodied in a comprehensive plan. This plan has been submitted to the two Governments for their consideration and their decision when finally reached will be duly announced. Group Captain Robb is returning to England this week.

164.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

PRIVATE AND CONFIDENTIAL

Ottawa, September 5, 1938

RE: U.K. TRAINING SCHEME

I have repeatedly said that this matter could not be finally settled until it had been presented to the Cabinet by the Minister responsible, and its details explained by him, and approval by the Cabinet as a whole given to the scheme.

<sup>1</sup> Le Premier ministre à O. D. Skelton/Prime Minister to O. D. Skelton.

We are going as far as any government could be expected to go in promising the British Government facilities for training air pilots, but we cannot be rushed into any outline of the scheme until all aspects of it have been weighed, nor into any premature statements of policy.

In the circumstances, I do not see that it will be at all possible to have this matter settled before Sir Francis Floud sails. To begin with, the Minister of Finance must have a chance to consider ways and means, and gain approval of his colleagues for expenditures involved. The Minister of Defence must have a chance to see how proposals fit into Canada's own scheme, etc.

Personally, I do not approve of the procedure of having schemes of the kind which involve discussion between departmental officials of the Defence Department and British representatives presented to the Government and in particular to myself, as Prime Minister, by the High Commissioner for Great Britain. The matter should come to our Government through the responsible Minister. Coming through Floud's office, it is equivalent to the British Government telling us what is to be done, instead of the Canadian Minister advising his colleagues what is desired, and how far we should go in meeting the desire. It is important, I think, that the right procedure be observed in these matters, and that advantage should not be taken of any emergency or the desire. It is important, I think, that the right procedure be observed in matters of inter-Imperial relations.

It seems this whole matter is being dealt with the wrong way round. The High Commissioner's office, plus British officials, are drafting plans, preparing press communications, etc. The Minister of Defence does not appear in the picture anywhere. What comes to our Cabinet should come through him, and through him alone. Personally, I do not approve of the press communiqué attached to Floud's letter. It implies that Robb was sent here to draw up the whole plan. Any reference to a comprehensive plan would certainly lead to a demand by parliament to see the same, regardless of the fact that neither government had a chance to see it before the existence of the plan itself had been announced.

Whatever is done should be presented in the form of a communiqué, which should say that the Canadian Government, after careful consideration, in which they have had the benefit of expert opinion from the British Royal Air Force, etc., has reached an understanding with the Government of Great Britain in accordance with which the following has been agreed upon: The Canadian Government will do so and so, etc., etc. Show how this scheme works into our own. I certainly do not think any statement should be made as to a plan having been submitted by Robb to the two governments for consideration.

Personally, I think no announcement of the plan should be made until all questions of policy and finance are settled. I do not see that the one can be determined apart from the determination of the other.

165.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, September 6, 1938

My dear Sir Francis,

I have your letter of September 3rd enclosing a summary of the plan for the training of pilots in Canada for the Royal Air Force resulting from the recent discussions between Group Captain Robb and officers of the Department of National Defence.

You have asked whether the Canadian Government might not approve the plan in principle before your departure at the end of the present week. We appreciate your desire in this respect and would have liked, if possible, to meet your convenience and Group Captain Robb's.

Upon considering the summary, however, and the explanations in your letter, it seems plain that the discussion is still only in the initial stages. Information is still lacking as to the proposed disposition of two important aspects, and it would be impossible for the Canadian Government to consider questions of policy without such information.

In the first place, the question of finance must naturally have an important bearing on policy and we cannot well consider the plan until we know what is proposed in that respect.

Secondly, the source of the candidates for training is very important. The summary envisages an output of 300 trained pilots a year, and your letter indicates that the 133 Canadian candidates a year now being trained for the United Kingdom Air Force under two existing schemes would be absorbed into the new scheme. Nothing is said, however, about the source of the balance to make up the 300 candidates a year. Before considering the plan we should have to be informed definitely of what the Air Ministry have in mind in this respect.

I should be glad therefore if you could arrange to have these points covered, and upon receiving the information I shall communicate it to the Minister of National Defence, in order that he may present the whole situation to Council as expeditiously as possible.

Yours sincerely,

W. L. MACKENZIE KING

166.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

September 9, 1938

## TRAINING OF AIR PILOTS

Sir Francis Floud today referred to the Prime Minister's letter of September 6th in reply to his letter of September 3rd, on this subject. He said that he had sent an answer<sup>2</sup> to the Prime Minister and that he had informed his Government of the points raised.

As regards finance, Sir Francis said that was a difficult question that would need a good deal of thrashing out. The Department of National Defence had furnished certain estimates of the cost. Mr. Self, the Deputy Secretary in the Air Ministry, who was here with the aircraft purchase mission, had crosschecked only one item—the cost of construction of certain buildings for which an estimate of \$9 a cubic foot was given. Self stated that somewhat similar buildings in Montreal had been put up for \$3 a cubic foot.

As regards the source of the pilots to be trained, Sir Francis said it was his own impression that if the full number of 300 were available in Canada, it would not be proposed to send any candidates from England for training here, but if there was a shortage, some might be sent. He said it would be unreasonable to pay the fare of candidates from England if the full quota was available here. He expected, however, a definite answer would be given on this point. I said the question raised entirely different issues from the one of convenience, upon which Sir Francis laid the emphasis. It was plain that a scheme such as was suggested was purely and simply a recruiting scheme, and that it was an entirely different proposition from that which the Prime Minister had in mind in the early discussions and to which he had referred in his Parliamentary discussion.

In reply to an enquiry from Sir Francis as to whether the Canadian Government would accept this or some similar scheme, I said I could not forecast that. The Prime Minister had indicated a readiness to co-operate in certain ways, and I had no doubt there would be a desire to do something if a [practicable] scheme could be worked out. Consideration would have to be given to the possible bearing of this plan upon the increased attention that Canada might have to give to her own air defences if she were to become a centre of Imperial munitions manufacturing and military training.

Sir Francis said he did not think there was any necessity for Captain Robb to remain longer than next week. He had no knowledge of the financial aspects. I told him that we had understood that Group Captain Robb was to furnish information on several points that had not yet been covered, but if

<sup>1</sup> De/by O. D. Skelton.

<sup>2</sup> Non reproduite/not printed.

the British Government thought this information could more suitably be furnished through other channels, that of course would be quite satisfactory. In the circumstances I thought no communiqué, and particularly none referring to "a scheme" would be desirable. Sir Francis said he quite agreed.

167.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

September 10, 1938

RE: TRAINING OF AIR PILOTS

Your aide-mémoire of September the 9th covers the situation admirably.

168.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

516X/41

Ottawa, December 9, 1938

CONFIDENTIAL

My dear Prime Minister,

I write with reference to your letter to Sir Francis Floud of the 6th September relating to the question of the training of pilots in Canada for the Royal Air Force. In your letter you stated that you desired further information on certain points arising out of the summary of a plan, dealing with this subject, which had been evolved as the result of discussions which took place last August between Group Captain Robb and officers of the Department of National Defence.

As you were informed in the letter from this Office of the 13th September (516X/31),<sup>2</sup> your requests were duly communicated to the appropriate authorities of the United Kingdom Government, and the matter has since that date been under constant and careful consideration in London. I am now able to communicate to you herewith a memorandum putting forward proposals on the subject of training pilots in Canada for the Royal Air Force, which have been drawn up as the result, both of the discussions in which Group Captain Robb participated last summer and of the further consideration which has been given to the matter since that date. It is the sincere hope of the United Kingdom Government that the proposals conveyed in the present memorandum are such as will commend themselves to the favourable consideration of the Canadian Government.

<sup>1</sup> Le Premier ministre à O. D. Skelton/Prime Minister to O. D. Skelton.

<sup>2</sup> Non reproduite/not printed.

You will, no doubt, desire that the proposals conveyed in the memorandum should be regarded as confidential while they are under consideration by the Canadian Government. I understood from the conversation which I had with you on the 7th December, that it would be your desire that I should discuss the details involved in the memorandum with the Minister of National Defence, and I would accordingly propose to send a copy of this memorandum and of this letter to Mr. Mackenzie direct.

Yours sincerely,

GERALD CAMPBELL

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

December 9, 1938

1. The scheme which is now put forward by the Government of the United Kingdom for the establishment in Canada of flying training schools for the training of pilots for the Royal Air Force is, in its broad outlines similar to and in fact based upon the scheme which was agreed to at the Imperial Conference of 1923 under which 15 pilots are at present trained each year in Canada for the Royal Air Force. Under that scheme pilots are recruited in Canada and spend approximately 50 weeks being trained in Canada as members of the Royal Canadian Air Force. They then serve for five years in the United Kingdom as members of the Royal Air Force, and finally return to Canada for four years service on the reserve of the Royal Canadian Air Force. The costs incurred in the training of the pilots and in their service on the active list and the reserve list respectively are divided between the Canadian Government and the United Kingdom Government in accordance with the advantages accruing to Canada and the United Kingdom respectively.

2. It is now proposed that this scheme should be extended to accommodate a total of 135 candidates each year. The number of 135 should be reached by taking the 15 candidates already trained each year in Canada as described in paragraph 1 above and adding to them those candidates at present recruited annually in Canada for training in the United Kingdom by the Royal Air Force.

3. In the light of the discussions which took place in August last year between Group Captain Robb and representatives of the Department of National Defence, it appears that, broadly speaking, it would be within the scope of the existing personnel of the Royal Canadian Air Force to organize the provision of training in Canada on the basis of the numbers referred to in paragraph 2, without it being necessary to lend instructors for this purpose from the United Kingdom.

<sup>1</sup> Du gouvernement de Grande-Bretagne/by British Government.

4. It is relevant here to point out that the full programme of flying training of the Royal Air Force comprises four stages, viz., 1. Elementary; 2. Intermediate; 3. Advanced; and 4. Navigation training. Of these stages only the first two are at present given by the Royal Canadian Air Force to pupils trained by that force for the Royal Air Force; the last two stages remain to be given on the arrival of the pupils in the United Kingdom. It is proposed under the scheme now being put forward that stages 2 and 3 should be given by the Royal Canadian Air Force; the total number of flying hours per pupil would, it is understood, be nearly the same as are at present involved in giving stages 1 and 2. Stage 4 would continue to be given on the arrival of the pupils in the United Kingdom. It is now proposed that stage 1 should be provided in Canada by three civil aviation schools which, it is suggested, might be organised by the Civil Flying Clubs Association and established at Vancouver, Regina (or Winnipeg) and Toronto. It may be added in this connection that the use of civil aviation schools for giving elementary training has been very successful in the United Kingdom and has been found to be economical.

5. As the result of the enquiries made by Group Captain Robb while in Canada, it is thought by the United Kingdom authorities that it would be possible for stages 2 and 3 of the training to be given at Camp Borden for the numbers of pupils proposed under the scheme now being put forward, and that the necessary facilities for bombing and gunnery would be available in the vicinity. If this plan were adopted it would appear that some renovation of buildings and some new construction would be required at Camp Borden and that it would be necessary to provide elsewhere for the technical training of mechanics in the Royal Canadian Air Force which is now undertaken at that station.

6. As already briefly mentioned in paragraph 1 above, the scheme already in operation for the training of pilots by the Royal Canadian Air Force for service on the active list in the Royal Air Force and on the reserve list in the Royal Canadian Air Force provides for the division of the cost of training between the United Kingdom Government and the Canadian Government. On this basis a cash payment is made to the Canadian Government which amounts normally to the sum of £1,550 for each pilot trained and passed on to the Royal Air Force. It is not proposed, under the scheme now being put forward, basically to alter this arrangement, and the payment of £1,550 would continue to be made in each case. It is, however, recognised by the United Kingdom Government that the increased scope of the present proposals would involve the Canadian Government in a capital outlay upon aircraft for training purposes which it would not be reasonable to expect the Canadian Government to undertake. The United Kingdom Government would, therefore, contemplate the provision, on loan and without charge of the aircraft required to give stages 2 and 3 of the training referred to above. They estimate that the value of these aircraft, after making deduction of their residual value at the end of the period, would be approximately £600,000.

The free provision of these aircraft is, therefore, equivalent to an additional contribution by the United Kingdom of approximately £1,500 for each pupil trained by the Royal Canadian Air Force and passed on to the Royal Air Force.

7. The capital cost involved in the provision or renovation of buildings under the scheme now being put forward would, it is contemplated, be met by the Canadian Government as under the scheme already in operation for the training by the Royal Canadian Air Force of pilots for the Royal Air Force. It may be pointed out that the value of these buildings would accrue to the Royal Canadian Air Force, and any initial charge incurred would represent the contribution of the Canadian Government to the capital cost of the new scheme.

8. On the basis of the information available to them, the United Kingdom authorities calculate that the total cost per pupil completing training at the hands of the Royal Canadian Air Force as passed on to the Royal Air Force would amount to approximately £4,500, excluding interest on the capital value of aircraft to be supplied by the Air Ministry. If from this figure is deducted the contribution of £1,550 per pupil that the United Kingdom Government would pay in cash and the further contribution estimated at £1,500 that would be made from the United Kingdom (as represented by the provision of training aircraft on loan and free of charge), the net cost to the Canadian Government would be £1,450 for each pupil trained and passed on to the Royal Air Force.

9. The period contemplated for the operation of the scheme now being put forward is three years. The United Kingdom authorities would wish to be free to reconsider the question of the numbers of pilots to be trained under the new scheme when the three-year period has expired, and the financial proposals made in the present memorandum are planned on that assumption and limited to that period.

169.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, December 31, 1938

My dear Sir Gerald,

The Department of National Defence have examined and my colleagues and myself have now been able to consider the new scheme or proposals put forward through your letter and memorandum of December the 9th, 1938, by the United Kingdom Government on the subject of training pilots in Canada for their Air Force.



These proposals, it appears, result from the plan outlined by Group Captain Robb pursuant to his discussions here last summer and from further consideration by the United Kingdom authorities since that time.

In answer to one of the points I raised with Sir Francis Floud by my letter of September the 9th,<sup>1</sup> it now appears that under the new plan no British pilots would be sent to Canada for training, but only Canadian candidates would be trained in the proposed school and recruited for this purpose. As regards the nature of the training, a final stage covering navigation would be given in Great Britain.

My colleagues and I have noted that the new plan in these respects appears to amount to a reversal of the idea as originally broached by the Weir Mission last spring, which emphasized that what was predominantly in mind was the training of British pilots and that this was so because Canadian topographic and climatic conditions would give them opportunities for specialised training not available in Great Britain.

It further appears that the numbers to be trained under the new plan would be 135 per year; this figure being reached by taking the 15 Canadian candidates presently trained in Canada to take 5-year commissions in the United Kingdom Air Force (thereafter returning for 4 years' service in the Canadian Air Force Reserve if not permanently retained in Great Britain), and by adding the 120 Canadian candidates for the United Kingdom Air Force transferable annually for complete training in Great Britain, according to the understanding reached last year.

As regards financing, the new plan contemplates that the Canadian Government would bear part of the cost estimated at £1450 per pupil trained by Canada and passed on to Great Britain (this figure not counting the capital cost of certain new buildings or renovations which would be required, nor, apparently, the cost of the elementary training stage, which would be carried out by the Civil Flying Clubs Association of Canada).

In examining these new proposals, the Canadian Government have necessarily had to consider how far they were compatible with the general policy governing Canadian defence preparations, and with the specific programme of air defence now being developed.

Under the proposed arrangement, the Canadian Government would undertake over a term of years to recruit and train Canadians for service in the air forces of the United Kingdom, in numbers considerably larger than the total number at present trained for the Canadian service. Such an arrangement does not appear to us consistent with the established policy of autonomy in defence, as in other matters, nor with the primary responsibility of each part of the Commonwealth for developing forces to meet its probable defence requirements. Nor does it appear likely to make for the most effective and responsible co-operation in the event of a conflict in which the parliaments of both countries have decided it is necessary to participate.

<sup>1</sup> Note marginale/marginal note: "6?".

It will be recalled that when the Canadian Government agreed last winter, at the request of the United Kingdom authorities, to test the fitness from medical and other points of view of Canadians applying for entrance into the Royal Air Force, up to the number of 120 annually, the arrangement was that these candidates were to proceed immediately to Great Britain for training at the sole cost of the United Kingdom Government. Under the proposed plan of recruiting and training pilots in Canada, a share of the cost would fall on the Canadian Government, and would amount in effect, to a direct annual financial contribution by Canada to the United Kingdom defence programme.

I may add that the whole question of air defence has been under review by the Canadian Government for some months past. It has been decided to submit to Parliament estimates which will provide for a very material increase in the strength and effectiveness of the Royal Canadian Air Force. In addition to this general programme, a special appropriation will be recommended for the training of air personnel. The immediate requirements of this programme as to candidates, instructors and maintenance units, equipment and training establishments, must be taken into account in considering the proposals you have brought to our notice.

Further consideration of the question has confirmed the view which I expressed on behalf of the Canadian Government at the close of the last session of Parliament. I stated on July 1st that we were quite prepared, in connection with our own establishments, to help in affording facilities to British pilots to come and train here. This undertaking was given in the following words:

We are quite prepared in connection with our own establishments, to help in affording facilities to British pilots if that will be of service to them.

And again:

We ourselves are prepared to have our own establishments here and to give in these establishments facilities to British pilots to come and train here.

These words in effect meant that we were prepared to lend all possible facilities towards training of British pilots in Canada

- (a) under either Canadian or British instructors, but
- (b) under the final direction and control of the Minister of National Defence.

Further consideration has confirmed the view that this procedure would be the most appropriate and effective. I have pleasure, therefore, in again stating that the Canadian Government are prepared to afford their facilities, as far as practicable, for the training in Canada, under the final direction and control of the Minister of National Defence, of pilots recruited in the United Kingdom for the Royal Air Force, and will be glad to arrange, whenever desired, for discussion of detailed arrangements for this purpose.

Yours sincerely,  
W. L. MACKENZIE KING

170.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

516X/52

Ottawa, January 10, 1939

My dear Prime Minister,

In your letter of the 31st December, 1938, you were good enough to inform me of the views of the Canadian Government on the revised proposals which I communicated to you on behalf of the Government of the United Kingdom, in my letter of the 9th December and its enclosure, regarding the training in Canada of pilots for the Royal Air Force. I reported these views at once to the United Kingdom Government from whom I have now received a reply.

I should like at the outset to refer to a point arising out of the suggestion made in your letter of the 9th [*sic*] December that the revised proposals mentioned above amounted to a reversal of the idea as originally broached during the visit of the Weir Mission in the spring of last year. At that time, as you will recall, stress was laid by the United Kingdom authorities on the great assistance which would be afforded by a scheme for training pilots for the Royal Air Force in Canada through the relief which would thereby be given to the existing training facilities in the United Kingdom which have become subject to continually increasing pressure and congestion. This consideration has throughout been present in the minds of the United Kingdom authorities. In framing the proposals set forth in my letter and memorandum of the 9th December they were actuated by the belief that the pressure could be relieved directly, and thus with advantage to all concerned, if it could be arranged that, before proceeding to the United Kingdom, all candidates from Canada for a period of commissioned service in the Royal Air Force under existing schemes would be given at least certain stages of training in Canada, under the auspices of the Department of National Defence.

The United Kingdom authorities note with regret that the proposals which they had drawn up with a view to proceeding on this basis are unacceptable to the Canadian Government, but at the same time they have given careful consideration to the procedure which, it is stated in your letter of the 31st December, commends itself to the Canadian Government as being the most appropriate and effective. The basis of this procedure consists of a renewal of the offer of the Canadian Government, originally put forward by you in the House of Commons on the 1st July, 1938, to afford facilities, as far as practicable, for the training in Canada, under either Canadian or United Kingdom instructors, and under the final direction and control of the Minister of National Defence, of pilots recruited in the United Kingdom for the Royal Air Force. You referred moreover in your letter to the two further schemes already in operation. Under the first of these, 15 candidates of Canadian origin are trained each year in Canada to take five-year commissions in the Royal Air Force. Under the second scheme, as the result of arrangements

reached early last year, the Canadian Government have agreed to test the fitness, from medical and other aspects, of Canadians applying for entrance into the Royal Air Force up to the number of 120 annually, these candidates then proceeding at once to the United Kingdom for training. Both these schemes would, it is understood, remain in force.

I am now in a position to inform you that the United Kingdom authorities are most grateful for the renewed offer of the Canadian Government made in your letter of the 31st December. They will be happy to avail themselves of it and to discuss definite arrangements for giving effect to it on the basis of the immediately preceding paragraph of the present letter. For this purpose they would, I understand, desire in the first place to receive further information on certain detailed points, and I assume that it would be in accordance with your wishes that I should discuss these questions with the Minister of National Defence and the officials of his Department. If so, perhaps you will be good enough to let me know.

Yours sincerely,

GERALD CAMPBELL

171.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, January 14, 1939

My dear Sir Gerald,

I have your letter of January 10th on the subject of training pilots in Canada for the Royal Air Force.

As regards the point as to the difference which appeared to us to exist between the idea as originally broached at the time the Weir Mission visited Canada last spring and the revised proposals as put forward in your letter of December 9th last, I do not think I need add to the considerations pointed out in my reply of December 31st. The chief point of the original suggestion, we understood, was that British pilots would be sent to Canada for training; they were to be trained in establishments to be set up and operated in Canada by the United Kingdom Government, the whole expense to be borne by that Government. The revised proposals, on the other hand, contemplated the recruiting and training by Canadian Government agencies of large numbers of Canadians for the British Air Force, and this at a very considerable expense to the Canadian Government.

However, I understand that the United Kingdom authorities now wish to avail themselves of the Canadian Government's offer to afford facilities, as far as practicable, for the training in Canada of pilots recruited for the British Air Force in the United Kingdom and sent to Canada for the purpose, on the basis indicated in my letter of December 31st. I note that the United Kingdom

authorities desire in the first place to receive further information on certain detailed points. It is entirely agreeable that, as you suggest, you should discuss these questions with the Minister of National Defence and the officials of his Department. The Minister will then be in a position, if necessary, to bring the matter up for further consideration by Council.

You have mentioned the two schemes already in operation, under the first of which 15 candidates of Canadian origin are trained in Canada each year to take five-year commissions in the Royal Air Force, and under the second the Canadian Government tests the fitness of Canadians applying for entrance into the Royal Air Force up to the number of 120 annually, these candidates then proceeding at once to the United Kingdom for training. As you say, it is understood that both these schemes remain in force. It will be recalled that, so far as the second is concerned, the Canadian Government, by its telegram of March 22, 1938, to the Dominions Office, stated that "it is now believed that the number of candidates can be increased to 10 per month or 120 per year without prejudice to the position in Canada; though it will be understood that this cannot be regarded as a commitment."

Yours sincerely,  
W. L. MACKENZIE KING

172.

*Le haut commissaire de Grande-Bretagne  
au ministre de la Défense nationale  
British High Commissioner  
to Minister of National Defence*

516X/70

Ottawa, May 1, 1939

IMMEDIATE

Dear Mr. Mackenzie,

I have this morning received a telegram informing me that the Secretary of State for Air was to be asked this afternoon, Monday the 1st May, in the House of Commons at Westminster "if he can make a statement in regard to the training of pilots for the Royal Air Force in Canada".

The answer which Sir Kingsley Wood was to give to this question was as follows:

Yes Sir. Agreement has been reached with His Majesty's Government in Canada on a scheme under which Royal Air Force pilots are to be sent to Canada for intermediate and advanced flying training under the auspices of the Canadian Department of National Defence. The duration of the scheme will be three years, and the number of pilots to be training will not exceed 50 in any one

year. The cost of training will be borne by the United Kingdom Government. The existing arrangements for the entry of Canadian candidates for commissions in the Royal Air Force will continue. I should like to take this opportunity of expressing to His Majesty's Government in Canada our appreciation of their helpful co-operation in this matter.

You will see that this statement corresponds very closely with that which you made in introducing the estimates of your Department on Wednesday, the 26th April.

Yours sincerely,

GERALD CAMPBELL

PARTIE 3/PART 3

MATÉRIEL DE GUERRE POUR LA GRANDE-BRETAGNE  
WAR SUPPLIES FOR BRITAIN

173.

*Le haut commissaire de Grande-Bretagne au Premier ministre par intérim*  
*British High Commissioner to Acting Prime Minister*

52E/36-7

Ottawa, March 16, 1937

CONFIDENTIAL

My dear Mr. Lapointe,

I have been instructed by my Government to draw your attention to the recent establishment in the United Kingdom of a Food (Defence Plans) Department for the purpose of preparing plans for the control of the supply and distribution of food in the event of war. I am informed that in the near future a confidential approach will be made by the new Department to food importers for the purpose of instituting discussions as to the methods to be adopted in an emergency to control imports of foodstuffs and to ensure, so far as may be practicable, an uninterrupted flow of the supplies of all such products of importance.

I am to explain that my Government contemplate taking the opportunity afforded by the presence of Ministers from the Dominions at the time of the Imperial Conference of including in the defence discussions the question of the co-ordination of measures for the control of the supplies and the shipment of foodstuffs in time of war. The matter has not, however, I under-

stand, reached a very advanced stage as yet, and it is, therefore, practicable only to say at present that the preparation of plans for the purpose is receiving consideration.

Yours sincerely,

F. L. C. FLOUD

174.

*Le Premier ministre par intérim au haut commissaire de Grande-Bretagne*  
*Acting Prime Minister to British High Commissioner*

Ottawa, March 18, 1937

PERSONAL

My dear Sir Francis,

I wish to acknowledge receipt of your letter of the 16th instant concerning the establishment in the United Kingdom of a Food Department. I have taken due note of its contents and forwarded it to the Prime Minister for his consideration upon his return to Ottawa.

Yours very truly,

[E. LAPOINTE]

175.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELGRAM D.2

London, April 17, 1937

SECRET. In connection with preparations here for proposed discussions on defence at Imperial Conference, we have been considering position as to munitions supply both to and from the Dominions. In this country, as you know, position is that a very heavy call is being made on industry for our own programme. We have also substantial demands made or forecasted from several of Dominions. There are also heavy demands from foreign countries with some of whom we have special Treaty relations. It would help us most materially if we could get in advance of Conference any information available as to whole probable munitions supply programme (Navy, Army and Air) of Dominions say in the next three years and size and general character of munition orders which it is expected may have to be placed in this Country for the purposes of such programme. Objects of above inquiry is to put us in a better position to consider not only how far Dominions requirements can be met from United Kingdom, but also whether, and if so in what respect Dominions themselves can assist in meeting aggregate requirements including our own.

176.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 32

Ottawa, April 23, 1937

SECRET. Your telegram of the 17th April Circular D No. 2 regarding munitions supply.

There has not been sufficient opportunity to prepare reply but the question is being fully examined and we shall be in a position to discuss the matter in London.

177.

*Mémorandum**Memorandum*

MOST SECRET

May 5, 1937

DEFENCE

REQUESTS FOR ASSISTANCE FROM CANADA

. . .

*Note on Proposal Re Raw Material Supplies*

It would be urged that this proposal would meet more support than the suggestion of an expeditionary force, in any case, these goods would be shipped to Britain in war; that it is only a question of how much; that it is little to ask that steps be taken to ensure adequate supply, and that unless this is arranged in advance it will be difficult for the U.K. to make final plans for its requirements.

On the other hand, it might be contended that advance undertakings involve a commitment to active participation in future wars; that aside from this point of principle it would be necessary to consider carefully what the U.K. demand and the Canadian supply might be; and whether and how far curtailment would be possible in supply to neutral countries, particularly to the United States, if we are to continue to be dependent on it for other supplies vital for peace and war; that the difficulty in planning for supplies without commitment in advance applies equally to planning for man-power without commitment in advance, and is inherent in the ambiguous international position of the Dominions; and that in any case a refusal to make such commitments does not mean Britain's foregoing alternative sources of supply, as there are in most cases no large alternative sources from which advance commitments could be secured (except lead and zinc from distant Australia, platinum from South Africa, copper from Rhodesia, which will be sought in any case; timber and wood-pulp can be secured from the Baltic countries, but they would not make wartime commitments).



178.

*Le procès-verbal, le Comité des munitions et du ravitaillement,  
la Conférence impériale, 1937*

*Minutes of Proceedings, Committee on Munitions and Food Supplies,  
Imperial Conference, 1937*

First Meeting

London, May 28, 1937

SECRET

THE COMMITTEE agreed to confine their discussions at this morning's meeting to the supply of armaments and munitions.

MR. MACKENZIE said that the importance of an assured and continuous supply of armaments and munitions was well appreciated in Canada. Indeed, in Ottawa, the problem had been given careful attention this last year. Canada was now increasing the equipment and ammunition required for training purposes, and commencing to build up modest reserves.

Canada produced vast quantities of munitions during the Great War, but did not manufacture every kind and type of armament. Some plant, some machinery and some skill in the production of these articles were still available. The industrial development of the country justified the statement that Canada could readily produce a wide line of armaments and munitions of war. However, in some cases such as special metals, etc., economical production would depend upon the quantity demanded. In some few cases, such as ammunition of certain kinds of which only a small quantity would be required facilities for inspection and proof would be extremely expensive, and they would hesitate before undertaking manufacture. Canada now produced in Government arsenals quantities of certain types of small arm and gun ammunition to supply the training requirements. It was the intention to make full use of existing arsenals, but experience points to the necessity of relying upon private industry, properly controlled by Government, for bulk requirements. They were proceeding with a survey of all potential armament and munition producing resources. In common with other Dominions, Canada had obtained much of its armament and munitions from Great Britain. It had been realized for some time, however, that it was dangerous to rely solely upon sources of supply which were subject to repeated attack and possible destruction. Were it only to increase possible quantity production, it would be a good policy to create auxiliary sources of supply with due regard to safe location. He mentioned in passing that on some occasions there had been delays in executing orders placed by Canada in the United Kingdom, and he was grateful to know that the Minister for Co-ordination of Defence had undertaken to survey the situation.

With particular regard to Canadian production on a larger scale than at present, Mr. MacKenzie believed that it would be necessary for the Canadian Government to take the following factors into account:

- (i) The Canadian requirements would be estimated on the basis of this year's fiscal vote (\$35,000,000) for the Department of National

Defence which included Navy, Militia and Air Force. It would be possible to work out a three-year plan which, of course, would be subject to Government policy and the will of the Parliament. His advisers were in a position to give full details when required.

(ii) The development and extension of Government arsenals would receive first consideration.

(iii) If, as would seem probable, private industry were permitted to produce munitions on a large scale, there would be close co-operation on the part of the Canadian Government, as well as limitation of profits, and complete provision for inspection, audit and control of production.

(iv) Firms already well established would receive first consideration; it was not desired that new munition industries should be created without previous industrial background and experience.

(v) Whether the Government of the United Kingdom would be prepared to place orders, supplementary to Canada's, with private industries mentioned in considerations (iii) and (iv) above. If so this would lessen overhead charges and make for economy. The Government of Canada was not in favour of orders being placed directly with it or through it, but would gladly assist in regard to orders placed with private firms.

(vi) Should the Government of the United Kingdom place supplementary orders as mentioned in consideration (v) above, the Canadian Government would be happy to supply the fullest information regarding any private firms.

179.

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commission to Under-Secretary of State  
for External Affairs*

516B/4

Ottawa, February 7, 1938

SECRET

My dear Dr. Skelton,

I have been asked to invite the reference of the Canadian authorities to the discussions which took place during the Imperial Conference last summer on the subject of food supply in time of war, and in particular to the recommendations of the Committee of the Conference on Munitions and Food Supplies forming the Imperial Conference document No. E. (37) 37. The recommendation was then made that in the course of the following few months information should be exchanged between His Majesty's Government in the United Kingdom and His Majesty's Governments in the

Dominions as to the United Kingdom plans for controlling food imports in time of war, and as to the method by which purchases could best be made or bulk contracts placed in oversea countries for food and feeding stuffs.

You will also have on record the note of an interview which took place on the 3rd June, 1937, between representatives of Canada and of the United Kingdom, and at which this subject, in particular relation to Canada, was discussed. It was agreed at that meeting that it would be of mutual advantage in studying the problem of food supplies in an emergency to exchange information through the regular official channels, and the Deputy Minister of National Defence, who was one of the Canadian representatives, said that the Canadian Inter-Departmental "Defence Supply Committee" would be glad to receive an outline of the food defence plans of the Board of Trade, and that they would endeavour to answer any questions that might be addressed to them.

I have now received from the Government of the United Kingdom a memorandum prepared by the Food (Defence Plans) Department outlining the United Kingdom plans for food control in time of war, and indicating various questions on which they would be grateful if they could receive information from the Canadian Government. I enclose at the same time for convenience of reference a note of the interview which I have mentioned above as having been held on the 3rd of June.

I should be very grateful if consideration could be given to the memorandum transmitted herewith which, as you will see, outlines the food defence plans of the Board of Trade in accordance with Colonel LaFlèche's suggestion, and if the Canadian Government's views on the points raised therein, more particularly in the last two paragraphs, could be communicated to me for the information of the Government of the United Kingdom.

Yours very sincerely,

STEPHEN L. HOLMES

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

[London] January [n.d.] 1938

UNITED KINGDOM FOOD CONTROL PLANS IN EVENT OF WAR.

1. As stated in paragraph 19 of the Report of the Committee on Munitions and Food Supplies of the Imperial Conference, 1937, preliminary discussions took place between the Food (Defence Plans) Department of the Board of Trade, and representatives of the Governments represented at the Conference. At these discussions it was explained that the Food (Defence

<sup>1</sup> Du *Board of Trade de Grande-Bretagne*/by British Board of Trade.

Plans) Department was preparing plans for the establishment of food control in the United Kingdom in the event of war and that, if these plans were at some future time put into operation, the United Kingdom Government might become the sole purchaser of imported food supplies. An agreed record of the discussion between the Food (Defence Plans) Department and the Canadian representatives is attached for convenience of reference.

2. In their Report the Committee on Munitions and Food Supplies expressed the opinion that it would be of mutual advantage if the contact thus established could be maintained and developed during the period when the United Kingdom food defence plans were being prepared; and recommended that in the course of the next few months information should be exchanged between the Governments concerned as to the United Kingdom's plans for controlling food imports in the event of war and as to the method by which purchases could best be made or bulk contracts placed in the oversea country for specific quantities of food and feedingstuffs.

3. In the following paragraphs an outline of the plans for establishing food control in the U.K. in the event of war is accordingly submitted for the information of His Majesty's Government in Canada, with particular reference to the question of imports from Canada . . .

#### 11. *Imports from Canada.*

(a) *Wheat and other cereals.* The most important foodstuffs which the Food Controller would in all probability wish to purchase from Canada in the event of war, are wheat, flour, barley and oats; butter and cheese; bacon and hams; canned salmon and apples. In regard to wheat and other cereals it is contemplated that if complete control were to be established on the outbreak of war, the Liverpool Futures Market would be closed and the Food Controller would take over all wheat belonging to British subjects resident in the United Kingdom. Purchases by private importers and millers would cease and the Food Controller would become the sole buyer of wheat and other cereals. In these circumstances the question arises whether it is possible that private trading on the Winnipeg Grain Exchange might also be suspended and that some central authority, such as the Canadian Wheat Board, might have to intervene to undertake the sale of wheat to the United Kingdom and negotiate prices and deliveries. His Majesty's Government in the United Kingdom would be glad to be informed of the views of His Majesty's Government in Canada on this question and in particular to learn whether the Canadian Wheat Board is formulating any plans for dealing with such an emergency and if so what is the nature of such plans.

(b) *Other Commodities.* With regard to the other commodities, special importance would probably be attached to supplies of bacon and hams and also of butter in view of the possible interruption of supplies from European sources. In the absence of any central agency in

Canada for controlling exports sales, the Food Controller would presumably negotiate direct with Canadian exporting interests and place contracts for delivery of increased supplies for some months ahead. Advice as to the best procedure to follow in placing these contracts would be much appreciated.

12. In conclusion it should be emphasized that the Report of the Committee on Munitions and Food Supplies made it clear that it was not proposed that any commitment or undertaking should be entered into during peace-time, either to purchase or to supply foodstuffs during a war; and that it was impracticable to prepare even approximate estimates of the requirements of the United Kingdom until the emergency arose and the circumstances of it were known; e.g. what allies, if any, would be associated with the United Kingdom, the arrangements for co-ordinating purchases for the United Kingdom and such allies, and the amount of shipping tonnage available. The object at present is merely to establish contact and, if possible, to ensure that machinery would be available to facilitate negotiations on a purely voluntary basis, if the emergency should arise. Any plans or suggestions for dealing with the situation in Canada which might have a bearing on the food defence plans of the United Kingdom would be welcomed, it being understood that both Governments would regard such suggestions as entirely non-committal and hypothetical, since the precise arrangements to be made would, of course, remain a matter for decision at the time.

[PIÈCE JOINTE/ENCLOSURE]

*Mé morandum*

*Memorandum*

London, June 3, 1937

SUPPLY OF FOOD IN TIME OF WAR FROM CANADA

*Notes of Interview with Mr. French, [Director,] Food  
(Defence Plans) Department*

PRESENT:

Lt.-Col. L. R. La Flèche  
Mr. N. A. Robertson  
Mr. French  
Mr. Lloyd [Assistant Director].

Mr. French explained that the Food (Defence Plans) Department was preparing plans for the establishment of food control in the United Kingdom in the event of war and that, if these plans were at some future time put into operation, the United Kingdom Government might become the sole purchaser of imported food supplies. Discussions were already taking place

with importers and it was thought useful to have a preliminary exchange of views with representatives of other Governments attending the Imperial Conference. The main points to discuss were:

(a) What food commodities would be of special importance in time of war.

(b) What measures for controlling export might be taken in the exporting country, and what methods of purchase should be adopted.

(c) With what Department or other body should negotiations take place in the event of purchase by the United Kingdom Government being found necessary.

Mr. French explained that there was no question of making any binding arrangement or firm contract in time of peace. The actual arrangements that might be made would depend upon the circumstances at the time. For example, complete food control might or might not be imposed immediately; there might be pooling of orders on behalf of Allied Governments; and the shipping situation would naturally have a bearing upon the purchase of supplies. The object at present was merely to establish contact and if possible to ensure that machinery would be available to facilitate negotiations on a purely voluntary basis when war broke out.

Lt.-Col. La Flèche said that there was already in existence in Canada an Interdepartmental Committee known as "The Defence Supply Committee" composed of representatives of the Departments of Trade and Commerce, Mines, Agriculture, Labour, Transport and National Defence, with himself as Chairman.

Mr. Robertson pointed out that as a result of recent legal decisions the Dominion Government had no powers to impose control of the marketing of food in peace and it was unlikely that any legislation would be passed in time of peace conferring powers of wartime control. He also pointed out that the U.S.A. Neutrality Act, excluding intra-continental trade from its scope, would affect Canada's policy and make it difficult to contemplate any prohibition of exports to the U.S.A. In that case it was thought that bulk purchase of supplies either for the United Kingdom's own requirements or for the requirements of the U.K. and any Allies might not raise the difficulty involved in prohibiting exports to the U.S.A.

Finally it was agreed that it would be of mutual advantage in studying the problem of food supplies in an emergency to exchange information through the regular official channels. Colonel La Flèche said that his Committee would be glad to receive an outline of the Board of Trade's food defence plans and they would endeavour to answer any questions that might be addressed to them.

The terms of a Draft Report to be submitted by Mr. French to the Committee on Munitions and Food Supplies were discussed and certain amendments suggested by Colonel La Flèche were adopted.

180.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire de Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to British High Commissioner*

Ottawa, March 21, 1938

SECRET

My dear Sir Francis,

In response to your personal enquiry last week as to the views of the Canadian authorities on the Food Defence Memorandum contained in Mr. Holmes' note of the 7th February, 1938, (516B/4), I may say that this question was referred to the interested Departments, and particularly National Defence, on February 8th. They have not yet been able to complete their examination of the subject. We have asked them to expedite this.

Yours sincerely,

O.D. SKELTON

181.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

May 22, 1938

From the P.M.'s note<sup>2</sup> of his conversation with Floud on May 13, I see that it is *food* they are now thinking of especially.

Col. Log[g]ie can presumably take care of *munitions and industrial questions*—i.e. inquiries for technical information subject to policy being determined otherwise.

As to *food questions*, I suppose Log[g]ie is hardly suitable and I should think the idea of using the High Com'r is the best solution, as you suggested today. (It would be a good thing if everything in London could be put on that basis and all officers—e.g. Canadian Air Force "Liaison" Officer—put in High Com'r's Office).

In replying to Floud would it not be well to say that "liaison" is not a suitable term and that there will be no sitting in on U.K. committees or boards. Neither of these things is suitable; neither is necessary to the purpose in hand; and neither was contemplated by the Imperial Conference Report, so far as Canada was concerned.

(You will recall South Africa stayed out of the defence discussions. They had had their own defence discussions through their Minister of Defence's visit to London the year before.)

<sup>1</sup> L. C. Christie à/to O. D. Skelton.

<sup>2</sup> Le doc. 152 reproduit une partie de cette note.

Doc. 152 reproduces part of this note.

182.

*Le haut commissaire de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commissioner to Under-Secretary of State  
for External Affairs*

516T/1 S

Ottawa, July 14, 1938

SECRET

My dear Dr. Skelton,

I wrote to you on May 4th<sup>1</sup> with regard to the question of the appointment by the Canadian Government of a liaison officer with the supply organization in the United Kingdom, and Holmes also spoke to you on the subject on June 10th when you told him that the matter had been before the Prime Minister a few days before.

I should be very much obliged if you would be good enough to let me know whether there is anything that I can tell the authorities at home on this question, as I know they would be very glad to hear that the Canadian Government were prepared to appoint a liaison officer, such as was contemplated in the report of the Committee on Munitions and Food Supplies at the time of the Imperial Conference.

Yours sincerely,

F. L. C. FLOUD

183.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire de Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to British High Commissioner*

Ottawa, July 16, 1938

SECRET

Dear Sir Francis,

I have your letter of July 14 with regard to the question of liaison with the supply organization in the United Kingdom. This, I believe, concerns more particularly food supplies and supplies other than those which are dealt with through Colonel Loggie, the Ordnance representative of the Department of National Defence in London.

What to do about this question appears to have a practical dependence upon the outcome of the investigations being made by the Inter-departmental Defence Supply Committee here into the questions put forward in Mr. Holmes' secret letter of February 7, 1938, and the memorandum regarding United Kingdom food control plans enclosed with that letter. The Government will presumably be in a better position to consider the method of

<sup>1</sup> Non reproduite/not printed.



exchanging information after it has received the Committee's report on these investigations and has considered any questions of policy that may be involved. Unless some very special considerations to the contrary should arise, I should suppose there would be no practical need to consider the appointment of a special officer to carry out the contemplated exchanges of information; but that this function would fall within the usual range of the Canadian High Commissioner's Office in London.

As regards the discussions and report of the Imperial Conference of last year, to which you have alluded, I ought to mention that the Canadian Delegation, in recognizing the value of continuing the exchange of detailed technical information regarding these supply questions, were unable at that time to make any provision as to the specific method for handling such exchanges of information, whether by the appointment of a special officer or otherwise. In any case, following the line of preceding governments here on this point, it was not thought to be suitable or practically necessary to contemplate the appointment of a Canadian representative on the Supply Board or other similar organizations of the United Kingdom Government.

Some time ago, as I mentioned in my letter of March 21, we asked the Inter-departmental Defence Supply Committee, to which I have referred, whether they could expedite their examination of the Food Defence Memorandum submitted with Mr. Holmes' letter of February 7, above mentioned. I understand that the Committee have been making progress. I am communicating again with the Deputy Minister of National Defence, who is Chairman of the Committee, in order to ascertain, if possible, when the Committee is likely to report, so that the Government may be in a position to consider adequately both the questions raised in the Food Defence Memorandum and the question of the method of exchanging information.

Yours sincerely,

O. D. SKELTON

184.

*Le haut commissaire de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commissioner to Under-Secretary of State  
for External Affairs*

516T/2

Ottawa, August 11, 1938

SECRET

My dear Dr. Skelton,

I must apologise for not having written earlier to thank you for your secret letter of the 16th July regarding the question of the appointment by the Canadian Government of a liaison officer with the supply organisation in the United Kingdom.

I note your observation that what is to be done about this question appears to have a practical dependence upon the outcome of the investigations

being made by the Inter-departmental Defence Supply Committee of the Canadian Government into the questions put forward in Mr. Holmes's secret letter of the 7th February last. That letter dealt, however, with matters which, though no doubt closely connected with, do not cover the whole ground envisaged by, the appointment of a liaison officer for Canada with the supply organisation in the United Kingdom which, as you are aware from my letter of the 4th May and from the proceedings of the Imperial Conference, 1937, deals, to quote the title of the relevant Committee of the Imperial Conference, with "Munitions and Food Supplies". Am I, therefore, to take it that the whole question of liaison with the supply organisation in London is also before the Inter-departmental Defence Supply Committee of the Canadian Government?

In this connection I note your remarks to the effect that the Canadian Delegation at the Imperial Conference and, following them, the Government at Ottawa, were unable to decide as to the specific method of handling detailed exchanges of information of this type or to agree to the appointment of a specific Canadian representative on the Supply Board in London. I do not know whether, reading these remarks in their context, I am right in assuming that your view is that such functions could well be carried out by a member of the existing staff of the Canadian High Commissioner in London. While I am naturally only expressing a personal opinion on the point, I do not feel that any difficulty would be raised in London on this point, provided it were made clear that one of these officials was definitely designated or authorised to receive papers and exchange information on these subjects, even if he did not actually attend meetings of the Supply Board.

I am of course forwarding to London a copy of your letter under reply, but I have thought it best, meanwhile, to make the above points at once. I trust that you will shortly be able to let me know that further progress has been made with the study of these matters, as I know that the authorities in London are hoping for an early and favourable reply on the points raised.

Yours sincerely,

F. L. C. FLOUD

185.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire de Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to British High Commissioner*

Ottawa, August 17, 1938

SECRET

Dear Sir Francis,

I have your secret letter of August 11, 1938, upon the question of the method of exchanging information concerning munitions and food supplies of interest to the supply organisation in the United Kingdom.

On your first point, I cannot see anything in my letter of July 16 to suggest that this question is before the Interdepartmental Defence Supply Committee here. In any case it has not been referred to that Committee.

As regards the second point, I assume that any necessary communications will be made to the Canadian High Commissioner in the usual way. The assignment by him from time to time of any member of his staff to attend to such matters would be a matter of the internal organisation of his Office. But it is not considered advisable to designate someone to form a separate channel or medium of communication; and as the term "liaison" is calculated to suggest an arrangement of that sort, we have always considered it desirable to avoid its use. I may mention here that the Canadian representatives at the Imperial Conference last year did not employ or join in the use of that term.

Yours sincerely,

O. D. SKELTON

186.

*Le secrétaire d'État aux affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH

Ottawa, September 27, 1938

SECRET

Sir,

It appears advisable to outline, for the information of the United Kingdom Government, the existing position of the armament industry in Canada, more particularly at the moment the aircraft industry, so far as it is affected by the United States neutrality law and practice.

2. It should be explained that in July 1937, by Order in Council pursuant to the Customs Act, the Canadian Government set up an export permit system, under which no article on a specific list of arms, ammunition and implements of war may be exported from Canada to any destination except under a permit for each shipment issued by the Customs Division of the Department of National Revenue. The list, which is based on the more or less standardized list evolved during the proceedings of the Geneva Disarmament Conference, includes aircraft and aircraft parts. Unless the destination is territory specifically embargoed by separate Order in Council, the permit is issued upon the applicant's furnishing to the satisfaction of that Department certain information showing the nature and quantity of the exports and their destination. The effect of the system is to keep the Government informed upon the character and extent of the arms traffic in Canada.

3. At the same time, by another Order in Council<sup>1</sup> under the same Act, a specific embargo was placed on the export of these listed articles from Canada to Spain, directly or indirectly. Consequently permits cannot be issued for such exports to that country.

4. Several months ago, as the United Kingdom Government are already aware, a violation of the export permit system occurred in connection with a shipment of aircraft and parts by the Canadian Car and Foundry Company consigned by them to the Turkish Government. The shipments, it is understood, were in fact trans-shipped in France and ultimately reached the forces of one of the contending factions in Spain. The export permits had been issued to the Company by the Customs Division upon the production of certain documents, furnished by the Company's European agents, which purported to be signed by officers of the Turkish Government and to confirm that the articles had been ordered by that Government. Subsequently we were informed that the documents were forgeries, and it is understood the Turkish Government are dealing with the guilty officials. Because of this incident the Canadian Government have been carefully considering a revision of the practice to be followed in administering their permit system.

5. A further important practical consequence has arisen from the incident by reason of the fact that the aircraft thus exported contained many parts which had been purchased from United States manufacturers for assembly at the Canadian Company's factory at Fort William, Ontario. As you are aware, the United States Government have an arms export license system similar to the Canadian system and based on a similar list; so that United States manufacturers are obliged to furnish the specified information and obtain from their State Department a license to cover every export of aircraft or parts, including such exports to Canada. It is the practice of the State Department to satisfy themselves that licensed exports are not intended or are not likely to be trans-shipped to territory specifically embargoed by their law. The United States also, by separate enactment, have specifically embargoed the export of the listed articles to Spain; consequently no licenses can be granted for such exports intended to reach that country. Upon learning of the fate of the Canadian Car and Foundry Company shipments mentioned above, the State Department immediately informed the United States manufacturers that no further export licenses would be granted to cover aircraft parts being made by them for this Canadian Company. The Company informed us that this state of affairs, if continued, would compel a complete shut-down of their factory at Fort William. The State Department then agreed to allow their manufacturers to resume shipments to the Company upon receiving from the Canadian Government a general assurance that such articles procured by this Company from the United States will not be trans-shipped from Canada to any territory embargoed by United States law. In order to avoid the shut-down the Canadian Government have given this assurance.

<sup>1</sup> Voir le doc. 765/see doc. 765.

6. As already intimated, the Canadian Government have been carefully considering a revision of practice in order to protect the purposes of their own export permit system and existing embargo. The practice it has been decided to adopt will also have the advantage of protecting the assurance which has been given the United States Government as a result of the Canadian Car and Foundry Company incident and of avoiding the risk of similar incidents arising in the future. The object is to secure corresponding assurances from the government of the country of destination; it will not be enough that Canadian exporters should simply present with their applications evidence or documents obtained by them from other governments or middlemen. It is intended that, for each shipment, the foreign purchasing government shall, through an accredited diplomatic representative, convey to the Canadian Government confirmation that the articles to be made in Canada have been ordered for the use of that foreign government and will not be re-exported from its territory, and the consignee will have to be specifically named. The Canadian exporter will be required to cause the foreign purchasing government to make the communication direct to the Canadian Government in each case. Where the articles do not go by continuous voyage to the country of destination, it is intended that the exporter or the foreign purchasing government shall cause to be presented to the Canadian Government some satisfactory assurance by the government of any country of trans-shipment that the shipment will go on to the specified consignee, the trans-shipping country's government to give us such assurance direct through its own accredited channels. The practice is to apply to Canadian exports not only of aircraft and their parts but of all articles on the list comprised in the export permit system.

7. In these circumstances the Canadian Government have had to consider the position in connection with the United Kingdom Government's purchases of aircraft in Canada. The shipments involved will fall within the scope of the Canadian export permit system, and the Canadian shippers will accordingly need to obtain export permits for each shipment. It would not appear necessary, however, in the case of shipments for the United Kingdom Government, to adopt fully the practice which is to be applied to the case of foreign purchasing governments, as above described. At the same time it appears proper that the Canadian Government should inform the United Kingdom Government of the situation as herein set forth. It is their understanding that any aircraft or parts thereof or other armament made or assembled in Canada and shipped to the United Kingdom Government, if they include or embody listed parts or articles imported from the United States, will be for the use of the United Kingdom Government and not for re-export, or at least will not be re-exported to any territory embargoed by Canadian regulations or by United States regulations. In view of the situation I have described the Canadian Government would be glad if they could have a confirmation of this understanding.

8. The situation naturally gives rise also to reflections upon what the case might be in other contingencies. So long as the world is relatively at

peace there may be no great problem. But what would be the case if, for example, Great Britain and Canada were at war and the United States were not? If it were some kind of conflict without declaration or other establishment of a state of war, the President, following the line taken in the case of the existing Far Eastern conflict, might not proclaim either Canada or Great Britain as being at war, and the situation as regards supplies from the United States for Canadian industry might remain much as in peacetime. But if the Neutrality Act remained unrepealed and the facts forced such a presidential proclamation, the effect of course would be an instantaneous embargo, not merely on trans-shipments to Great Britain, but on all shipments of the listed articles to Canada in the first place. At present the aircraft building industry in Canada appears to be essentially an assembly business, dependent upon outside factories for vital parts, such as engines, propellers, instruments and so on. In the contingency in question this industry, so far as it was dependent upon the use of articles procurable only from United States manufacturers, would be interrupted at once. Since the United States list of arms and implements of war, like the Canadian list, makes no distinction between military and civil aircraft or their parts—and it appears to be generally recognized that no such distinction would be practicable—the production of civil aircraft in Canada would also be interrupted.

9. It is assumed the United Kingdom Government are aware of these possibilities and have considered the bearing of the existing United States Neutrality Act upon their purchases of aircraft or other implements of war in Canada as well as the prospects for the future.

10. A communication should be made to the United Kingdom Government in the foregoing terms. It may be added that, in addition to obtaining the confirmation of their understanding stated in paragraph 7 above, the Canadian Government would also welcome any observations which the United Kingdom Government may desire to make upon other aspects of the communication.

I have etc.

O. D. SKELTON for the . . .

187.

*Le secrétaire, le haut commissariat en Grande-Bretagne  
au sous-secrétaire d'État aux Affaires extérieures*

*Secretary, High Commission in Britain  
to Under-Secretary of State for External Affairs*

London, April 13, 1939

SECRET

Dear Dr. Skelton,

Mr. Lloyd, of the Food (Defence Plans) Department of the Board of Trade, asked me if I could make an informal enquiry as to whether there

was any likelihood of a reply in the near future to the despatch transmitted in January, 1938, to the Canadian Government by the Dominions Office, through the British High Commissioner in Ottawa, setting out the United Kingdom's plans for food control in the event of war. We had not seen the despatch at this Office and I was unable to tell him what action, if any, had been taken in regard to it.

Yours sincerely,

L. B. PEARSON

188.

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire, le haut commissariat en Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to Secretary, High Commission in Britain*

Ottawa, May 2, 1939

Dear Mr. Pearson,

In reply to your letter of the 13th of April, forwarding an informal inquiry from the Food (Defence Plans) Department of the Board of Trade as to whether, and if so when, they could expect to receive Canadian comments on their memorandum of January, 1938, outlining plans for provisioning the United Kingdom in wartime, I may say that as a result of a number of misunderstandings, which have only recently been cleared up, consideration of the United Kingdom proposals and inquiries has been long deferred. It may be expected, however, that an interim reply will soon be returned to the United Kingdom questions.

For your information, I am enclosing a copy of a letter of the 8th [sic] of February, 1938,<sup>1</sup> from the Office of the High Commissioner for the United Kingdom in Ottawa, transmitting a copy of the memorandum to which Mr. Lloyd of the Board of Trade referred in his conversation with you.

Yours sincerely,

O. D. SKELTON

189.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 164

Ottawa, May 11, 1939

SECRET. Reference secret memorandum on United Kingdom food control plans in event of war, forwarded under Skelton's letter to Pearson of May 2nd. Please inform McIvor that Minister of Trade and Commerce authorizes him to discuss with Food Defence Plans Department of Board of Trade questions

<sup>1</sup> Voir le doc. 179/see doc. 179.

relating to marketing of Canadian wheat in wartime raised in paragraph 11 (a) of that memorandum. Discussions, which Pearson should attend, should be on basis suggested in paragraph 12 and should be confined to informal exchange of views on questions involved, particularly on probable effects on, and possible adjustments required in, Canadian wheat marketing arrangements in event of contemplated closing of Liverpool Futures Market and establishment of a single wheat importing agency for United Kingdom. McIvor will be expected to report fully to Minister of Trade and Commerce on his return. In meantime you should cable a summary of conversations.

190.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 201

London, May 12, 1939

Your telegram No. 164, May 11th. Discussion held with Food Defence Plans Department on question raised. Food Defence Department inform us that immediately on the outbreak of war Government would take over complete control over foodstuffs including mills, flour importers and all open outstanding United Kingdom contracts throughout the world. Fixed price for wheat, flour and bread would be effective immediately which would result in closing Liverpool market. All details worked out. McIvor explained functions and limitations of Canadian Wheat Board and stated as personal view that if Government closed futures market Winnipeg in war time they would probably take over all wheat in Canada; all existing contracts would be run out and thereafter negotiations would probably be between a Government Board in Canada and Food Defence Council here. He was asked to discuss this matter fully with Canadian Government on his return. McIvor urged on Food Defence Council that in any plan here a fair price level for Canadian farmers should be kept in mind. McIvor was asked to bear in mind change of flour contracts would take place in this country in first days of war. All private brands would disappear in favour of a flat straight run grade with extraction in the neighbourhood of 70%. The United Kingdom would hope that Canadian millers could adjust their exports to this policy which would be maintained in this country until the end of the war. United Kingdom officials also discussed finance, pointing out that as Canada was not in sterling bloc, there might be difficulty here, which would militate against Canadian purchases. This matter should also be considered in Ottawa they thought.

There was also discussion on the sale by Wheat Board of security of stocks for immediate storage in Canada, probably at Quebec, Halifax, St. John's



and bay ports. This might amount to 5 million bushels. On request full particulars re storage rates, handling charges et cetera have been given Food Defence Department who are examining matter.

McIvor sailing May 20th "Duchess of Richmond" and will proceed immediately Ottawa to report on above subjects. If further discussion necessary before sailing will communicate later.

191.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire par intérim de Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to Acting British High Commissioner*

Ottawa, July 18, 1939

SECRET

Dear Mr. Holmes

In a letter of the 12th of May last<sup>1</sup> I advised your office of the arrangements that had been made for Mr. McIvor and other officials of the Canadian Wheat Board, who were then in London in connection with the work of the Wheat Advisory Committee, to discuss with representatives of the Food (Defence Plans) Department of the Board of Trade, questions relating to wheat and flour contained in your secret memorandum of February 7th, 1938, on United Kingdom Food Control Plans in Event of War. Since Mr. McIvor's return to Canada further consideration has been given to a number of the points which had been canvassed in the preliminary conversations in London. The Canadian Wheat Board are, I understand, still studying the arrangements that would have to be made in respect of the trade in wheat and flour on the outbreak of war. When their recommendations are available I shall let you know the measures the Canadian authorities would propose to take in that contingency.

As regards the other commodities mentioned in your Government's memorandum under reference, I may say that we have had a little difficulty in relating the inevitably general proposals set out therein to the specific inquiries in respect of given quantities of individual commodities which were made by Mr. J. A. C. Osborne during his visit to Ottawa.

We should be glad to receive any supplementary information your Government may now be in a position to furnish regarding the present status of their plans for securing supplies of foodstuffs and raw materials of sorts which Canada exports. At the same time, it would be helpful to have any information available as to arrangements contemplated for the supply of certain raw materials, notably rubber and wool in respect of which Canadian industries are dependent on imported supplies.

<sup>1</sup> Non reproduite/not printed.

I venture to suggest that it would also be helpful if we could arrange an exchange of views on the collateral question of methods of provisioning other belligerent states and neutral states. The Canadian Government have had inquiries from some countries which hope to be able to remain in the latter category and are not unnaturally concerned about the availability of access to Canadian supplies in wartime. The Government are, I believe, disposed to do what may be reasonable and possible to meet such requests, particularly in the case of countries which, under normal peacetime conditions have been substantial buyers of Canadian goods. Obviously there is a close relationship between arrangements that might be made with such countries regarding wartime shipments and the arrangements which our Governments have under consideration.

Yours sincerely,

O. D. SKELTON

192.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissariat de Grande-Bretagne  
Under-Secretary of State for External Affairs  
to British High Commission*

Ottawa, July 29, 1939

SECRET

My dear Mr. Holmes,

With reference to previous correspondence respecting arrangements for the export of foodstuffs and materials from Canada in wartime, I am instructed to state, for the information of your Government, that the Canadian Government see no objection to, and would indeed welcome, His Majesty's Government in the United Kingdom making whatever arrangements they may see fit with Canadian producers of industrial raw materials for their supply in wartime.

The principal Canadian producers of base metals, i.e., Consolidated Mining and Smelting Company, International Nickel, Hudson Bay Mining and Smelting Company and Noranda, which between them control a very large part of the Canadian output of copper, nickel, lead, and zinc, will be informed that no objection is seen to them entering into direct negotiations with whatever agencies the Government of the United Kingdom may designate to handle their anticipated wartime requirements of such commodities. At the same time the producers will be told they may similarly make such arrangements as may seem desirable for the wartime supply of such materials to other countries which might expect to find themselves allied with the United Kingdom in the event of war, or which might remain neutral in that contingency. In the latter case it will be explained that any export arrangements that may be entered into will be subject to the usual safeguarding provisions to ensure against the possible diversion of essential materials to an enemy country.

In advising the Canadian base metal producers in the sense of the preceding paragraph, the Government propose to remind them that in concluding contracts for the future delivery of essential materials the companies will be expected to bear in mind the necessity of providing for present and prospective domestic requirements for such commodities and for the maintenance, as far as possible, of shipments to friendly countries which are normally dependent on access to Canadian supplies.

Yours sincerely,

O. D. SKELTON

193.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

August 17, 1939

EXPORT OF BASE METALS IN WARTIME

1. The Minister of Mines and Resources met the representatives of the principal Canadian producers of base metals in his office in the Langevin Building at 2 o'clock on Wednesday, August 9th. There were present:

Messrs. R. C. Stanley, Britton Osler and Wingate of the International Nickel Company;

Mr. J. Y. Murdoch of Noranda;

Mr. A. J. McNab of the Hudson Bay Mining and Smelting Company  
and

Messrs. Rugh and Stavert of the Consolidated Mining and Smelting Company;

Mr. W. C. Clark of the Department of Finance

Mr. L. D. Wilgress of the Department of Trade and Commerce and

Mr. Norman A. Robertson of the Department of External Affairs.

2. Mr. Crerar explained that he had invited the companies concerned to meet him in Ottawa to advise them of the terms of a communication recently addressed by the Canadian Government to the Government of the United Kingdom regarding prospective United Kingdom purchases of war time requirements of base metals from Canadian producers. He then read Dr. Skelton's letter of July 29th to Mr. S. L. Holmes of the office of the High Commissioner for the United Kingdom. He made it clear to the base metal producers that the Canadian Government would welcome direct negotiations between the individual companies and the buying agencies designated by the United Kingdom Government to secure adequate war time supplies. The Canadian Government would not be party to such negotiations but desired

<sup>1</sup> De/by N. A. Robertson.

to be kept informed of any contingent commitments for war time deliveries that might be entered into with the United Kingdom Government or with other Governments that might expect to be allied with it, or neutral, in the event of war. He pointed out that any such arrangements would, of course, be subject to the usual safeguarding provisions against diversion of goods to an enemy country and reminded the companies of their responsibility for preserving adequate supplies for the present and prospective requirements of domestic Canadian industries and of the advisability of ensuring, as far as possible, that the flow of supplies to friendly countries dependent on access to Canadian raw materials should not be interrupted.

3. Mr. McNab asked whether the buying agencies designated by the United Kingdom would purchase for its account alone or for the needs of France and other allies of the United Kingdom. He was told that we did not know what detailed arrangements were under consideration in London. The consensus of opinion of the operators appeared to be that they would prefer to deal with a single buying agency representing United Kingdom and allies, than with a number of separate agencies.

4. Mr. Stanley observed, and Mr. Murdoch agreed with him, that it would be inadvisable for the individual companies to attempt to make separate and secret arrangements with the United Kingdom buying agency. He thought they should try to work out among themselves reasonable prices on which they could contract to supply United Kingdom requirements. Tentatively he thought that for copper such a price might be the average world price of 1937 and the first half of 1938 (one good and one bad year). He had worked out the price on this basis, correcting it by the average sterling dollar exchange rate for the period, and the result was about 11 cents a pound. He was afraid that the United Kingdom would wish to fix contract prices in sterling and that a weakening of sterling exchange would leave the producers stranded with deliveries due payable in pounds while their production costs in dollars were increasing. He thought they should hedge against this risk and stipulate that delivery prices should be fixed in Canadian funds or, if in sterling, should be subject to adjustment to offset the effect of changes in the exchange rate.

5. After some sparring, Mr. Stanley produced his file of confidential correspondence with the London Vice-President of International Nickel, who is also the Managing Director of the Mond Nickel Company, and read excerpts from a letter he had received dated July 7th and a telegram dated July 17th in which his London representative had reported that Captain Oliver Lyttelton, who had been designated by the Board of Trade to negotiate contracts for war time delivery of copper, lead and zinc, had informed him that his instructions prevented him from opening any negotiations with Canadian companies. From Lyttelton he had gone to see Dr. Burgin, the Minister of Supplies [*sic*—Supply], who had referred him to Sir Arthur Robinson, Director of the Supplies Organization of the Ministry of Defence Coordination. From each of them he received the clear impression

that they were unwilling or unable to discuss war time deliveries with Canadian companies and from none of them could he get any satisfactory explanation of the British Government's attitude. Copies of the relevant portion of Mr. Stanley's correspondence with his London representative on this matter would be furnished to the Department of External Affairs for their confidential information.

6. International Nickel, it appeared, was the only Canadian company that had as yet taken any initiative in approaching the United Kingdom purchasing organization. None of the other companies had taken any steps in the matter and none of them had been approached by Captain Lyttelton. Mr. McNab observed that when he and Mr. Warren had been in London at the end of September, at the time of the Munich crisis, they had been given to understand that the United Kingdom Government were anxious to obtain the whole of their companies' exportable surplus of lead and zinc but with the ending of that particular crisis period conversations had been dropped and had not since been resumed.

7. International Nickel's information was that the United Kingdom Government was negotiating with the Rhodesian companies for war time deliveries of copper and with Australian companies for lead and zinc. They had heard that the scheme contemplated the purchase of the entire Rhodesian copper output amounting to 250,000 to 260,000 tons per annum at a price of £45 per ton, standard, f.o.b. Beira, the Government to assume the cost and risk of transportation. They were afraid that if these arrangements were consummated United Kingdom would be able to get its entire supplies of copper from Africa and that not only would the Canadian companies be excluded from their share of war time business but that their existing forward contracts for delivery of 60,000 tons a year to English industrial consumers might be cancelled on the outbreak of war.

8. Others present pointed out that the fact that it would require so much more tonnage to transport Rhodesian copper than Canadian copper, made it unlikely that the United Kingdom would attempt to rely on Rhodesian supplies alone in war time and noted that the shortage of refining capacity in the United Kingdom put an important secondary limitation on their use of Rhodesian copper. The Government representatives at the meeting suggested that Mr. Stanley's fears of a total diversion of United Kingdom copper requirements to African sources of supply were probably exaggerated—but did not feel able to disclose that United Kingdom preliminary plans provided for war time purchases from Canada of about 150,000 tons per annum—a quantity substantially in excess of nominal imports from this country.

9. The representatives of the companies were at first quite insistent that the Canadian Government should make direct representations to the United Kingdom Government against the refusal of its buying agencies to negotiate for Canadian supplies. It was pointed out to them, however, that their in-

formation about the attitude of the United Kingdom authorities was all earlier than the United Kingdom's receipt of our communication of the 29th July which they agreed was a perfectly straightforward and unambiguous statement of the Canadian Government's position in the matter.

10. A rough check of Canadian copper production capacity indicated that the companies represented at the meeting controlled about 260,000 tons out of a total annual production of about 310,000. As the balance was the output of smaller companies dependent on United States refining capacity and as the United Kingdom's interest was in securing from Canada refined electrolytic copper, the product of the companies represented at the meeting, it did not appear necessary, for the present at least, to get into communication with the other copper producers.

11. The President of the International Nickel Company mentioned that his affiliate, the Mond Nickel Company, which had been designated to purchase United Kingdom requirements of nickel in war time had enquired tentatively whether it would be feasible for International Nickel to act for Falconbridge in respect of nickel exports in war time. No steps had yet been taken to follow up this lead.

12. The Companies represented agreed to send to the Department of External Affairs particulars of their exports of copper, lead, zinc and nickel for the past four or five years and for the current year.

13. It was generally recognized that a state of war would result in immediate control of base metal exports—at least as regards quantities and destinations. The Companies indicated their readiness to cooperate fully in any plans the Government might have under consideration and enquired whether it would be in order for them to submit suggestions for a control scheme that would meet the Government's needs with a minimum dislocation of trade channels. They were told that any such suggestions would be welcomed.

194.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM D. 4

London, August 23, 1939

CONFIDENTIAL. Newfoundland No. 261, Southern Rhodesia, No. 58.

His Majesty's Government in the United Kingdom have decided to prohibit the export from this country of certain essential materials and commodities, the supplies of which it is desired to conserve in the present circumstances. An Order-in-Council will be issued on August 24th and this

Order will be in terms affecting exports to all destinations. The Board of Trade propose, however, immediately to issue an open general licence which will allow export of goods concerned to all countries within the British Commonwealth of Nations without further formality.

The following is list of goods concerned:

Antimony, aluminium, bismuth, cobalt, copper, lead, mercury, nickel, palladium, iridium, rhodium, osmium, ruthenium, osmiridium, beryllium, columbium, platinum, ferro-alloys of all descriptions, silicon, non-ferrous scrap and old metal, iron and steel scrap and waste, zinc, spelter, tin, flax, hemp, jute, silk, raw cotton, cotton waste and linters, ground nuts, linseed, palm oil, linseed oil, cocoanut oil, cotton seed oil, whale oil, oil seed cake and meal, motor spirits, gas, oil, gum, copal, shellac, seedlac and sticklac, rosin, mica, rubber, toluol, glycerine and radium compounds.

195.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 25, 1939

PURCHASE OF WHEAT BY THE UNITED KINGDOM GOVERNMENT

Mr. Paul Mason of the Office of the High Commissioner for the United Kingdom came to see me today to inform us that, in connection with the negotiations that had been taking place between Mr. J. V. Rank, Director designate of the United Kingdom Grain Buying Agency, and Mr. McIvor of the Canadian Wheat Board, for the purchase of Canadian wheat to be stored in Canada until required, his Government were planning to propose, to the Wheat Board, the making of a partial down payment, in dollars, for the wheat purchased, and that payment would be completed on shipment of the stocks or on the expiration of a twelve-month from the date of purchase.

I asked him whether the wheat for which Rank was understood to be dickering with McIvor was to be regarded as a separate pre-war purchase of storage stocks or as the first instalment on their programme for buying their war time requirements from Canada. He has no direct information on this point, but thought, from the context of his instructions, that the United Kingdom authorities regarded this transaction as the first instalment of their war time purchasing.<sup>2</sup>

<sup>1</sup> De/by N. A. Robertson.

<sup>2</sup> La note suivante était écrite sur ce mémorandum:

The following note was written on the memorandum:

"5,000,000 bushels at 62½ ct purchased Aug. 24/25 all for which storage is available. 25 p.c. cash paid. Balance as suggested by Earncliffe's message."

196.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 317

London, August 28, 1939

Captain Littleton, who is to be Controller of Non-Ferrous Metals in the event of war, came to see me with regard to allocation to Canada of the Contract for copper, which is at present under consideration. Proposed to allot to Canada 2,100,000<sup>1</sup> short tons. Negotiations are proceeding with Stanley of International Nickel and Murdoch of Noranda and others regarding allocation of Canadian quota among Canadian firms. I have been asked by the Controller-designate to enquire whether the good offices of the Department of Mines at Ottawa can be made available to help solve this question. Since Littleton's call, have got into touch with the Ministry of Supply who confirm his request.

As the matter is of considerable urgency would appreciate reply as soon as possible.

MASSEY

197.

*Mémorandum*<sup>2</sup>*Memorandum*<sup>2</sup>

August 29, 1939

Reference High Commissioner's telegram No. 317 of August 28th.

## SALE OF COPPER TO THE UNITED KINGDOM

Following up the United Kingdom Government's request for the cooperation of our Department of Mines in adjusting alleged differences between Canadian firms re. allocation of wartime copper exports to the United Kingdom, I found that Dr. Camsell had not yet returned to Ottawa, so called Mr. Crerar. He had been absent from Ottawa for most of the last ten days, and had not been in touch with the situation since the meeting of the base metal producers in his office on August 9th. As no one in his Department has been dealing directly with the matter, I told him that we would get in touch with the Canadian copper producers and find out how things stood.

Mr. Osler, who has been acting for International Nickel, is away on holidays, but his assistant, Mr. Mockridge, with whom I had been in touch last week, told me that he did not know of any difficulties in allocating

<sup>1</sup> Note marginale/marginal note: "210,000 R[obertson]".

<sup>2</sup> N. A. Robertson à/to O. D. Skelton.



exports between Canadian producers. He planned to come to Ottawa tomorrow with the revised contract they had been working on, but before doing so would get in touch with International Nickel headquarters in New York and would find out from them how their negotiations with the United Kingdom authorities were progressing.

Mr. Murdoch is at South Porcupine today, but his assistant, Mr. Bradfield, who had been working with him on this deal, said that the Hudson Bay Mining and Smelting Company were now associated with International Nickel and Noranda in the negotiations (a point Mr. Crerar had asked about), that there had been no differences of interest or opinion between the Canadian producers, but that difficulties had developed in dividing the market between Canada and Rhodesia. The United Kingdom were planning to buy 265,000 tons of copper a year from Rhodesian mines, and proposing to contract for 195,000 tons from Canada. The Canadian companies had been rather upset by this reduction in the anticipated United Kingdom demand (three weeks ago they would have thought it rather a handsome contract) and were trying to get a bulk contract for at least 210,000 tons. Bradfield will get in touch with Murdoch and ask the latter to call me.

Bradfield's mentioning a figure of 210,000 tons as the quantity the Canadian companies wished to sell suggests that there is a decimal missing in the High Commissioner's report that the United Kingdom were prepared to allot "2,100,000 short tons" to Canada. 210,000 short tons equal 187,500 long tons. If, as is likely the original United Kingdom estimates were in long tons, the offer of 210,000 short tons would be less than the first proposal of 195,000 tons (long?).

If the information of the mining companies is correct, there seems to be a complete misunderstanding of the position in London. I think we might wait until we hear from Murdoch before replying to Mr. Massey's inquiries.

Mr. J. Y. Murdoch telephoned this afternoon. He confirmed the information I had from Mr. Bradfield this morning regarding the status of their negotiations with Littleton, the Director-General designate of the non-ferrous metals in the United Kingdom. As matters stand, the United Kingdom will contract to take 210,000 short tons of copper from Canada in war time at an agreed price computed at some rate between \$4.65 and \$4.70 for the pound sterling. The United Kingdom will pay three-quarters of the purchase price in Canadian funds and the remaining 25 per cent in sterling, which will be blocked in the United Kingdom until released with the consent of the United Kingdom authorities. Noranda, International Nickel and Hudson Bay are apparently quite satisfied with the proposed arrangements. Murdoch told me that just an hour before he had had a telegram from Littleton expressing his appreciation of the attitude of the Canadian companies in the negotiations.

He said they had not yet discussed among themselves the arrangements for the allocation of the Canadian quota, but did not anticipate there would be

any difficulty in reaching agreement, either among the big three or with the other smaller producers, of whom Britannia is the most important. They would all be given an opportunity of supplying some of the 210,000 tons on the basis of the agreed contract.

Murdoch's understanding is that this order for 210,000 tons of electrolytic copper did not include any processed copper that might be exported for munitions making, nor would it include exports of copper wire and rods, etc.

198.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 266

Ottawa, August 29, 1939

SECRET. Your telegram No. 317 of the 28th of August regarding allocation between Canadian producers of wartime copper purchases from Canada. Noranda, International Nickel and Hudson Bay Mining and Smelting are in touch with each other and with Director-General designate of non-ferrous metal supplies. Although they have not yet discussed allocation of orders between themselves and other smaller producers, they do not anticipate any difficulty in reaching agreement on this point. In event of hitch in negotiations between companies good offices of Government would be available, but no present need is seen for our intervening.

199.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

August 30, 1939

SALE OF COPPER TO THE UNITED KINGDOM

Mr. Mockridge, of the firm of Osler, Harcourt and Hoskins of Toronto, who are the lawyers for the International Nickel Company, called this morning. He gave me the following information regarding the progress of the negotiations with the United Kingdom Government for the purchase of copper in war time:

1. The annual copper production of the British Empire is approximately 700,000 tons, and the United Kingdom had first thought of contracting for this total output less the domestic requirements of the countries of production. The copper purchased would have been in

<sup>1</sup> De/by N. A. Robertson.

excess of the United Kingdom's copper requirements, and presumably the surplus would have been resold to her allies or to neutral countries. For unspecified reasons the United Kingdom has modified this programme, and is now planning to limit its purchases to 500,000 tons per annum. There had been some jockeying in London between representatives of the different overseas suppliers as to the basis of allocation of this quantity. If allocation had been on the basis of existing production, Canada could have expected to supply about half the total. If it had been on a basis of potential capacity, Rhodesian producers would have claimed nearly 60 per cent and Canada a little over 40 per cent. The allocation as between countries of supply has now been set at 52 per cent or 265,000 tons from Rhodesia, and 43 per cent or 210,000 tons from Canada. The remaining 5 per cent or 25,000 tons will be secured from other small Empire producers.

2. The present United Kingdom copper contracts are for her own requirements alone, and make no provision for the needs of her allies or for neutrals. They will presumably have to make their own arrangements direct with producers for their war time requirements of copper. It is not known whether this arrangement applies to copper alone or will also govern arrangements for the purchase of other base metals.

3. The price tentatively agreed upon is 10.16 cents per pound, F.A.S. Montreal, and £48.10s per long ton for Rhodesian copper, also F.A.S. African ports.

4. 75 per cent of the price will be paid in Canadian funds and 25 per cent in sterling. The sterling proportion can be used for purchases in the United Kingdom, but cannot be converted into foreign exchange without the consent of the United Kingdom authorities. The financial arrangements are based on exchange valuation at sterling between \$4.65 and \$4.70, and will be subject to adjustment with variations in that rate.

5. The provision of the first draft agreement for varying the price in accordance with variations in production costs is retained, but no attempt has been made to define production costs. It seems to me that this is a rather serious omission in view of the fact that copper is almost always a joint product with other metals.

6. Mr. Mockridge was not as confident as Mr. Murdoch that arrangements for the allocation of the Canadian quota between Canadian producers could be settled by the producers among themselves. He thought it might be helpful to have some kind of outside arbitration—preferably the Canadian Government—decide disputed points in respect of allocation. I said I thought the companies had better first explore the matter themselves and see if they could not work out some scheme of prorating their participation in the business, either in accordance with actual or possibly in accordance with potential capacity.

Some of the more remote or high-cost producers might not wish to take up their proportionate share of the United Kingdom orders. A slack of this sort could be re-distributed among the companies that were willing to take the business. I told him about our exchange of telegrams on the subject with London yesterday, and indicated that I did not think that the Government should intervene, at least until the terms of the arrangements had been definitely decided and the companies had made an effort to agree on its allocation among themselves.

200.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 324

London, August 31, 1939

Food defence officials here somewhat perturbed by publicity given British purchases of Canadian wheat for security purposes, and earnestly hope that if any further publicity no mention of number of bushels will be made, or where stored.

MASSEY

201.

*Le gouverneur de la banque du Canada au sous-secrétaire d'État  
aux Affaires extérieures*

*Governor of Bank of Canada to Under-Secretary of State  
for External Affairs*

Ottawa, September 2, 1939

SECRET

Dear Dr. Skelton,

I have to acknowledge with thanks your letter of August 30th<sup>1</sup> enclosing copies of telegrams and memoranda relating to negotiations between the principal Canadian base metal producers and the Government of the United Kingdom.

I had occasion to enquire from Mr. Murdoch whether the portion of the purchase price payable in sterling, i.e., 25 per cent, would remain in this currency at the risk of the producers in so far as exchange fluctuations are

<sup>1</sup> Non reproduite/not printed.

concerned; or whether the United Kingdom Government would guarantee ultimate conversion at a specified rate. Murdoch did not know the answer, but said that he expected to find out very shortly. I understand from him that similar proposals are being made to lead and zinc producers. I should think that the "freezing" of a certain portion of the purchase price in sterling would be much more difficult for such an organization as Consolidated Mining & Smelting Corporation than it would be for International Nickel, or even Noranda, which will be able to realize one hundred per cent cash for its important sales of gold. I am quite doubtful about the wisdom of arrangements of this kind being embarked upon by individual sellers, and would like to discuss possible alternatives.

Yours sincerely,

G. F. TOWERS

202.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 63

London, September 6, 1939

Board of Trade have issued order under Imports, Exports, and Customs Powers (Defence) Act prohibiting imports into United Kingdom of certain goods specified in a schedule except under a licence from Board of Trade. Goods despatched to the United Kingdom before coming into force of order not affected. Order came into force September 5th. Copies follow by air mail.

203.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

TELEGRAM 350

London, September 6, 1939

Biddulph has brought to my attention following observations concerning wheat supplies in war. He feels that it is undoubtedly in the mind of Food Defence Committee to ration such supplies going through this country to European neutrals and therefore steps should be taken to ensure that Canada's position as a supplier to the neutrals in question should be safe-

guarded, otherwise post war repercussions might be serious. If Winnipeg closes, functioning of offer to neutral governments would presumably have to be discussed with the United Kingdom Government. The developments might well involve Wheat Board representatives here acquiring a somewhat more official status in order to permit of closer cooperation with Government authorities here; at the same time Biddulph emphasizes desirability of maintaining a certain independence in the direct trading. Feel that the whole matter deserves very serious consideration.

MASSEY

204.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 300

Ottawa, September 8, 1939

Your telegram No. 350 of the 6th of September. Minister of Trade and Commerce announced today that the Government had decided that, for the present, it would not be in the producers' interest nor the national interest to close the Winnipeg Wheat market.

205.

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

September 9, 1939

#### EXPORT OF PLATINUM

The International Nickel Company, which is by far the largest producer of platinum, ships all its concentrates to Acton, near Birmingham, for refining. The bulk of the Canadian platinum, when refined, is shipped by the International Nickel Company to the United States where it is sold to the firm of Baker and Company, which is the biggest single user of platinum in the United States and is also the principal distributor of this metal to other commercial users.

The foregoing information was communicated to me by Mr. Mockridge on behalf of the International Nickel Company, which wishes to have it made clear that it is not in a position to maintain the same check on the ultimate destination of its platinum production that it can in the case of

<sup>1</sup> N. A. Robertson à/to O. D. Skelton.

nickel. Although they are the largest single supplier of Baker and Company's purchases of platinum, they are not in a position to control Baker and Company's resale of platinum to independent firms. In the case of nickel they are in a very strong position as virtually the sole commercial source of supply. In the case of platinum, there are substantial supplies reaching the United States market from Colombia and the U.S.S.R., which make it impossible for International Nickel to dictate conditions of use and resale to its customers. The Company is rather disturbed about this situation because the principal owner and General Manager of Baker and Company is a man of German origin though not, they are informed, sympathetic to the Third Reich.

206.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

HIGHLY CONFIDENTIAL

September 9, 1939

## RE: WAR CONTROL OF THE DISTRIBUTION OF NICKEL

At the present time arrangements are being made in Great Britain to control the distribution of nickel during the war period. The following points indicate the situation as it is at present. Circumstances may necessitate some changes in the present proposals.

(1) A Control Committee has been organized in London, consisting of four members,—one, a Mr. Brindly, representing Falconbridge Nickel Mines; two representatives from the International Nickel Company (including Mond Nickel Company); and one representative from a British Government Department, probably the Department which controls supplies.

(2) This Committee estimates that the total war requirements for nickel during the war period, to be supplied from Canadian sources, will require about 70% of the capacity of the present refining plants.

(3) The Committee is to decide on a base price per pound for refined nickel, at which the metal will be sold.

(4) It is proposed to divide the orders between the two companies in the proportion of their normal capacity for production.

(5) Some alterations are to be made in what has hitherto been the normal distribution of the metal. For example, the Italian supply has normally come from the refinery belonging to the Falconbridge Nickel Mines located in Norway; under the new arrangement, nickel released for Italy

<sup>1</sup> De A. W. G. Wilson, le ministère des Mines et des Ressources.  
By A. W. G. Wilson, Department of Mines and Resources.

will be supplied through the Mond Nickel Company. Hitherto the Falconbridge Nickel Company has only supplied a very small quantity of nickel to the U.S. market; the quota to be sent by them to the United States is to be increased. There are other minor changes in world distribution concerning which no details are at present available.

(6) The refinery of the Falconbridge Nickel Company is located on the southwest coast of Norway, at Kristiansand. It happens that the mine field closing the entrance to the Baltic lies east of this, while the line of the naval blockade lies somewhat to the west. Arrangements have been made for nickel matte to be shipped from Maritime ports, probably St. John or Halifax, strictly in Norwegian bottoms, to Kristiansand by a northern route, passing around the naval blockade and southward to their destination. Later on it may be decided to send these shipments in British ships.

(7) Under the existing contract with Norwegian principals, the refinery has to treat ores from a Norwegian mine from which, under normal conditions, there is a production of 1,000 tons of metallic nickel. (The yield from Canadian material is usually between 7,000 and 8,000 tons). Under ordinary conditions obviously a distribution of this quantity of nickel cannot be controlled by the British authorities; however, it is proposed to offer the owners a definite price for this nickel, and all of it will be purchased by the International Nickel Company, and sent to Great Britain for distribution.

(8) Should there be any difficulty in purchasing this nickel of Norwegian origin, it may be necessary to take some drastic action, such as definitely closing the refinery and possibly dismantling part of it. Except under extremely high prices, it would not be practicable for the operators of the Norwegian property to refine their own material.

*Comment.*

Should it be necessary to close the refinery in Norway, it is probable that it will be desirable for the Canadian Government to act as an intermediary between the International Nickel and Falconbridge Nickel Company to arrange to have the output of matte from the Falconbridge Nickel Mine treated in Canada at the refinery of the International Nickel Company. It is altogether probable that refinery capacity to treat the whole Canadian output will be available there without adding additional equipment. This possibility is based on the Nickel Committee's estimates that only about 70% of the total capacity will be required.

Matters are still under discussion, and final decisions will be reported to the Department of Mines as soon as the arrangements are made.

It is a reasonable assumption that similar arrangements may be in progress with respect to the distribution of the Empire products tin, copper, chromium, manganese, and rubber.



## PARTIE 4/PART 4

COMMUNICATIONS  
COMMUNICATIONS

## TRANSPORT MARITIME

a.

## SHIPPING

207.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 26

London, January 23, 1937

SECRET. Secret despatch A 5<sup>1</sup> forwarded yesterday in bag covers 4 copies of *aide mémoire*<sup>1</sup> received from Board of Trade respecting Pacific shipping questions. I am informed *aide mémoire*, which contains suggestions of United Kingdom Government, is submitted as a basis of discussion. The following is summary of *aide mémoire*:

Imperial Shipping Committee Report seems conclusive that improved British service essential, but this could not be self-supporting on basis of present traffic prospects. United Kingdom Government understand that Dominion Governments are satisfied as to necessity of maintaining service and assume they are prepared to contemplate giving assistance. United Kingdom Government agree and is prepared to join Dominion Governments in providing assistance. Suggestion is made that British service should be strengthened by the addition of one new ship to replace S.S. "Niagara". The S.S. "Aorangi" has some years' useful service to run and United Kingdom Government think replacement should be confined to one new ship for the present. With regard to money to provide new tonnage, United Kingdom Government state that if Governments are agreed to assist, most effective way of enabling company to obtain money would be by providing a joint guarantee of cost (principal and interest) of one new ship proposed. United Kingdom Government would ask Parliament for authority to participate in guarantee of interest and sinking fund payments on new ship, on the understanding Dominion Governments would assume liabilities *pari passu* with them on this footing. United Kingdom Government might undertake on estimates at present available for one half of guarantee. What subsidies would be necessary for continuance of service on lines suggested above cannot be known until ship owners have considered proposals and provided necessary figures, but United Kingdom Government assume that Governments of Canada, Australia and New Zealand would be prepared to provide necessary sum and to agree amongst themselves as to share each should assume. It is anticipated that Fiji Islands would be prepared to continue to make a payment of

<sup>1</sup> Non reproduits/not printed.

£ (Fiji) 5000. The only condition attached by the United Kingdom Government to its participation in suggested arrangements are:

- (a) That new shipping is built in England or Scotland;
- (b) That Canadian Pacific Company comes to an agreement with other British lines in regard to North Atlantic service.

United Kingdom Government have not themselves discussed with ship owners the suggestions that they are putting forward for consideration of other Governments and they suggest that until Governments concerned have reached agreement in principle, no consultation should take place either jointly or on the part of any individual Government with ship owners.

MASSEY

208.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 41

London, January 30, 1937

SECRET. The following letter has been received from Secretary of State for Dominion Affairs:

I think you probably know that for some time past our anxiety has been growing about rapid developments in Japanese competition with our shipping in the Far East and I understand that there has already been some discussion on matter in a preliminary way at Imperial Shipping Committee. We have now come to the conclusion that problem is one which justifies thorough examination and we intend to ask Imperial Shipping Committee to investigate and report on conditions affecting position of British shipping in the Far East. In view of importance of this matter to other members of the Commonwealth, we hope we may count on your support and cooperation in investigation proposed.

I have asked for particulars of proposed terms of reference and when received will telegraph again.

MASSEY

209.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 71

London, February 15, 1937

My telegram No. 41, January 30th. I am informed by the Secretary of State for Dominion Affairs that following are terms of reference which the

United Kingdom Government propose to let Imperial Shipping Committee have in time for their meeting on 19th instant:

In view of changing conditions of sea-borne trade in Middle East and Far East waters, and particularly of effect on British shipping of increased competition of foreign flags, the Imperial Shipping Committee is requested to enquire into position of British shipping in those waters.

As United Kingdom Government is very anxious that Committee should commence work February 19th they would be grateful if, in the event of your having any observations on the subject, they could have these at an early date.

MASSEY

210.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 52

Ottawa, February 17, 1937

Your telegram No. 71 of February 15th respecting proposed reference to Imperial Shipping Committee to inquire into British shipping in Middle East and Far East waters.

The scope of the proposed terms of reference and the question whether Canadian shipping would be concerned are not entirely clear. But the terms mention British shipping only. Further, as regards geographical limitation, there is no Canadian shipping in Middle East waters. Again, while Canadian Pacific subsidised service to the Orient has to meet competition of subsidised Japanese and United States services between North America and the Orient, and subsidised Canadian-Australasian Line is indirectly in competition with subsidised Japanese-Australasian services, yet these Canadian services cannot well be regarded as comprehended by the term "Far East waters". Recent parliamentary and press discussions in United Kingdom have given the impression that what is in mind is the Japanese competition in the trade from Japan and China to East Indies, India and possibly Australasia.

In the lack of any indication that Canadian shipping is involved in the present case, Canadian Government would not consider it necessary or appropriate to join in proposed reference; though there is of course no objection to such a reference being made by United Kingdom Government.

If the reference is made by United Kingdom Government alone or in company with other Governments, if others are concerned, it is understood the Committee would report to them, as in the recent case of the report respecting Canadian-Australasian Line. In such circumstances the question of your position, as Canadian member of the Committee, toward the inquiry and toward any report made might require special consideration.

211.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 81

London, February 18, 1937

SECRET. My despatch of the 22nd January, No. A. 5, Pacific Shipping. High Commissioner for Australia informs me that he discussed with United Kingdom authorities *aide mémoire* and was confirmed in his belief as follows. The United Kingdom Government were offering to take one-half of responsibility of a guarantee of capital and interest upon a loan for building one ship and Canada, Australia and New Zealand would pay a subsidy towards running expenses of Canadian-Australian Line, this subsidy to be available towards payment interest and instalments on capital which would have effect that contributions of the United Kingdom Government on the one hand and Dominions Governments on the other hand would be a variable quantity according to success or lack of success of line. High Commissioner for Australia states that he informed United Kingdom authorities that he was practically certain that the Australian Government would not agree to such a proposal. Mr. Bruce further informs me that he has cabled his Government saying that he considers *aide mémoire* quite unsatisfactory and has suggested that only practicable way to arrive at a result would be to have a meeting in London of representatives of the United Kingdom Government and Dominions concerned to try and agree upon principles of any assistance that would be granted. To these representations he has not, I understand, yet received a reply.

MASSEY

212.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 104

London, March 1, 1937

Your telegram No. 52, British shipping in Middle and Far East waters. I have communicated your views to the Secretary of State for Dominion Affairs. With regard to the last paragraph of your telegram, I have to state that at the last meeting of the Imperial Shipping Committee the Chairman

reported that he had received a letter from the President of the Board of Trade enquiring whether the Committee would be prepared to undertake an enquiry on the basis of the following terms of reference:

In view of the changing conditions of sea-borne trade in Middle East and Far East waters, and particularly of the effect on British shipping of increased competition of foreign flags, the Imperial Shipping Committee is requested to enquire into the position of British shipping in these waters.

No objection was raised in Committee and the enquiry will commence March 9th. It was mentioned by the Chairman that the Committee might be asked to submit an interim report in time for the Imperial Conference. The report would no doubt be addressed to the Government of the United Kingdom and presumably circulated to the other Governments for information. With regard to my position as a member of the Committee, I should not propose to sign report until any points of interest to Canada had been referred to you. I should add that Board of Trade, to whom Secretary of State for Dominion Affairs transmitted a copy of my letter mentioned above, has verbally informed this office that it was not intended that the Dominion Governments should ask to support United Kingdom in a formal reference to Imperial Shipping Committee but rather that if United Kingdom put forward a request for an enquiry it might be possible to obtain support and cooperation from Dominion Governments in the form of information regarding such matters as trade between the Dominions and Far and Middle East, subsidies paid to steamship companies trading in these waters, etc.

Would appreciate cablegram from you before March 9th.

MASSEY

213.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

CONFIDENTIAL

London, [May n.d.] 1937

IMPERIAL CONFERENCE, 1937

*Canadian-Australasian Line Ltd.—Matson Line Competition*  
*Report of Imperial Shipping Committee, October 16, 1936.*

*Principal Conclusions:*

(a) The Pacific coastal lands and islands themselves cannot originate a great passenger traffic, nor a great trade in staple products (excepting

<sup>1</sup> De la délégation du Canada, la Conférence impériale.  
By Canadian Delegation, Imperial Conference.

the British Columbia lumber exports, which are carried in tramps, and the Hawaii-San Francisco trade, which is closed to non-American vessels).

(b) Besides its "Pacific" importance, the route, however, is, for business men, an alternative link in round-the-world communications, and, for European and Eastern North American populations, an alternative for cruising tourists. Hence its attractiveness depends on fares, speeds and amenities.

(c) Matson Line, which has established its supremacy, not by cutting fares but by super speeds and luxury, has set a standard in excess of economic requirements of the Pacific shorelands; but no service of lower standards can compete with it, even for traffic of local Pacific origin.

(d) For this proposed service passenger traffic will always likely be of greater importance than cargo traffic. A one-third increase (in passenger-miles) in the existing total passenger traffic of the British and American lines would be enough to occupy four ships, two British and two American, to the extent that the two Matson ships were occupied in 1935. Such an increase, assuming no great world economic set-back, would not seem unattainable, though it may take a few years to grow. The cargo capacity of the proposed two new ships would be relatively limited. Vancouver would supply a reasonable amount of cargo on the southward voyage, but on the northward voyage there would be a deficiency for a long time to come.

(e) *Financial.* With such vessels as are proposed, and assuming a certain increase of traffic, there need not be a large, if any, loss on operating. As regards loss on capital charges the Committee indicate the order of total loss on various assumptions as to operating deficit and rate of interest. For the first year the total deficits vary, according to the assumptions adopted, between \$937,500 and \$1,862,500; for the tenth year, between \$796,875 and \$1,440,625; for the twentieth year, between \$640,625 and \$971,875. (See page 26, paragraph 75, of the Committee's Report for details of the various assumptions).

*United Kingdom Aide Mémoire of January 21, 1937.*

This paper, prepared by the Board of Trade, suggests for consideration:

(a) To strengthen the Canadian-Australasian Line Ltd. by only one new luxury ship (of the type proposed by this Company and adopted by the Imperial Shipping Committee)—to replace the "Niagara", the older of the two existing ships—the "Aorangi" to continue for some years.

(b) A joint and several guarantee by the Governments concerned of the cost (principal and interest) of the one new ship.

(c) The U.K. to participate in a guarantee of interest and sinking fund payments up to one-half of the guarantee, on the understanding that the Dominion Governments would assume liability *pari passu*.

(d) Canada, Australia and New Zealand to provide the necessary annual mail and/or subsidy payments (Fiji adding £F 5000).

Note: Existing subsidies are about £100,000, practically all given by Canada and New Zealand. The subsidy necessary for the proposed new service cannot be known until the shipowners have considered the proposal and furnished figures.

(e) Conditions attached by the U.K. to its participation:

(1) That the new shipping is built in England or Scotland.

(2) That the C.P.R. come to an arrangement with the other British lines in regard to the North Atlantic services.

(f) Assistance should be such as to give the Company an incentive to efficient and energetic operation.

(g) The Governments not to be responsible for the Line's debts incurred before the commencement of the new arrangement.

(h) Interim assistance to the Line—before the new arrangement comes into effect—to be a question entirely for the Dominion Governments concerned.

(i) The Line to be required to explore with the Matson Line some equitable division of the trade—e.g., by pooling of traffic or the adjustment of sailings. The Governments—U.K. and Dominions, as well as U.S.—to be in the background of such discussions.

(j) A small committee of the Commonwealth Governments concerned to be set up in London to approach the Company and carry out discussions on the foregoing basis . . . .

#### *Canadian Position:*

On February 2, 1937, Mr. Euler telegraphed from Australia that the Prime Minister of Australia had broached the subject of the U.K. Aide Mémoire and given his opinion that a single new ship would not be enough to compete with the Matson Line.

On February 6, 1937, the Secretary of State for External Affairs replied from Ottawa as follows:

If it were decided to adopt policy of financial assistance by the various Governments for a fast competitive Pacific service, we would consider one new ship inadequate. This must be assumed to have been the view also of the Imperial Shipping Committee. But we are not in a position to take any definite decision upon the Committee's report before knowing what the other Governments would be prepared to contribute either in form of capital guaranty or annual subsidy, or both.

214.

*Mémoire*<sup>1</sup>*Memorandum*<sup>1</sup>

CONFIDENTIAL

London, May 6, 1937

IMPERIAL CONFERENCE, 1937

*Pacific Shipping**Canadian-Australasian Line Ltd.—Matson Line Competition**Notes respecting Canadian Position.*I. *Divergence of view between the Governments as to form, amount and sharing of assistance to Canadian-Australasian Line Ltd.*

*Imperial Shipping Committee:* Two fast, heavily subsidized ships necessary.

*United Kingdom:* Suggest one ship; joint and several guarantee of capital charges (principal and interest); U.K. assuming up to one-half of this guarantee; Dominions to subsidize operation.

*New Zealand:* Wants two ships; will share in proposed guarantee of capital charges and in subsidy.

*Australia:* Prefers two ships, though prepared to consider one; guarantee of capital charges to be joint, but four Governments responsible for specified proportions; no subsidies but mail payments on commercial basis; part of operating surplus to be made available for a second ship; no distribution of profits during guarantee; object to U.K. plan because of uncertainty and fluctuations of contributions by the four Governments, and possibility of U.K. being relieved of all liability if traffic revenue plus Dominion subsidies should cover all charges; the four Governments should contribute regularly specified percentages of total annual assistance.

*Canadian Department of Commerce:* Prefer two ships; agree with Australian view as to pre-arranged sharing of assistance.

II. *Points for consideration.*

1. As Imperial Shipping Committee conclusions set out, this is essentially a *luxury passenger proposition*, not a strictly economic enterprise, and the staple cargo aspect is relatively unimportant.

2. Most of Canadian-Australasian cargo trade is via *Atlantic* ports: British Columbia's staple exports—mainly lumber—are carried by *tramps* and cargo ships. This appears to have a bearing on the Austral-

<sup>1</sup> De la délégation du Canada, la Conférence impériale.  
By Canadian Delegation, Imperial Conference.



ian contention that, as the bulk of freight traffic between Canada and Australia consists of Canadian exports, Canada should contribute a proportionately greater share of the financial assistance.

3. The number of passengers is small and of Canadian passengers smaller still.

4. The Canadian-Australasian Line is owned 50-50 by the C.P.R. and P. and O. The C.P.R.'s majority ownership is outside Canada. The P. and O. is practically wholly owned outside Canada. What bearing should these circumstances have on the question of Canadian subsidies?

5. There is the point of principle whether Canada should ask the U.K. to give aid to this definitely Canadian-Australasian traffic problem. It would be a precedent upon which Canada would be asked to give aid to projects elsewhere having no real connection with Canada. (The U.K. offer in any case is not substantial.)

6. U.S. has not challenged Canadian predominance in the *North Pacific* shipping trade. Is Canada vitally concerned to challenge U.S. predominance in the *South Pacific*?

7. Re N.Z. and Australian legislation contemplating application of "coasting trade" laws to shipping trade between their ports which, even if not enforced, becomes a weapon to force Matson Line to divide traffic. Impracticable for Canada either to adopt such a course or to encourage others to do it. This would mean assertion of a right to exclude foreign shipping from Canada-U.K. trade. It would imply that British Empire is *one* economic unit and even lead in argument to its being something like one political unit.

Note: If Australia and N.Z. really go ahead with this "coasting Trade" idea, it would seem essential for Canada to make it very clear that she is not in it and takes no responsibility for their action. (This might be somewhat difficult to make clear if we went into a joint assistance scheme of which the Australian and New Zealand action constituted in effect one part. Last summer at a discussion at the Board of Trade, a suggestion was thrown out that the assistance to be afforded by this Australasian legislation should be taken into account in determining Australasian share of financial assistance.)

8. Apart from the "coasting trade" point, would not joint Empire financial assistance in this case tend to prove to others an aim to close up the Empire as one economic unit? Would this help current efforts to promote economic co-operation in the wider international field as a part of the effort to create conditions promoting world peace? Would it be consistent with Canadian declarations of anxiety to promote and participate in such efforts?

9. Re N.Z. suggestions for regulation of manning and hygienic care of crew, control of fares and freight rates, adequacy of service access to books. These seem to be desirable; but the adoption of Australasian standards is another matter.

10. Re the U.K. proposal to put pressure on the C.P.R. to come to agreement with the Cunard-White Star upon North Atlantic services as a condition of assistance in the Pacific. N.Z. objects to linking up these two problems. Canadian Department of Trade & Commerce is willing to inquire but does not know what the issues are. The Dept. also suggest there is an anomaly in the Atlantic subsidy (\$1,000,000) going to the C.P.R. alone.

11. Department of Trade & Commerce suggest that freight and passenger rates from Canadian ports should continue under Canadian Government control; plans of the new shipping to be subject to approval of all the Governments concerned; Nationals to be employed proportionately to the subsidies.

12. Re U.K. suggestion for traffic and pooling arrangements with Matson Line. Friendly relations with Matson seem desirable. Traffic arrangements may be practicable; pooling doubtful. (Note the bearing of this on the broader point in paragraph 6 above.)

13. The chief point in favour of the proposal seems to be sentiment or prestige. There is also the business arising in Canada incidental to this Line; expenditures by the Line in Vancouver for supplies, etc., and expenditures in Canada by through passengers.

14. Re the U.K. suggestion to retain the "Aorangi" and to postpone a second new ship until "Aorangi's" remaining useful life expires. It is true this would mean two ships of different speeds and luxury standard. But such differences exist in the C.P.R.'s North Pacific and Atlantic services (e.g., "Empress of Britain" and "Empress of Australia"). This would mean one new ship plus "Aorangi". On this basis the financial assistance required might be of the order of \$800,000 to \$1,000,000 per year, made up as follows:

1 new ship ( $\frac{1}{2}$ of \$1,250,000 for 2 new ships on basis of no operating deficit and capital charges at 5% interest—see Imperial Shipping Committee Report, page 26, paragraph 75).	\$625,000
"Aorangi", say	200,000
	\$825,000

215.

*Le haut commissaire en Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner in Britain to Dominions Secretary*

[London] May 19, 1937

Dear Mr. MacDonald,

Following upon the Report of the Imperial Shipping Committee of October last upon the possibilities of a liner passenger and cargo service

between Western Canada and Australia-New Zealand, the Canadian Government received the Aide Mémoire of January 21, 1937,<sup>1</sup> from the Government of the United Kingdom. The Committee having, at the request of the Governments of the United Kingdom, Canada, Australia and New Zealand, submitted certain findings or conclusions as to the facts, the Aide Mémoire made known to the other three Governments the United Kingdom Government's views as to policy and, specifically, their suggestions as to the form in which the Governments concerned might give financial assistance to the Canadian-Australasian Line Limited in order to enable that Company to meet the competition of the Matson Line of the United States.

2. The Aide Mémoire has been considered by the Government of Canada, and I am instructed to communicate their observations as follows.

3. For many years the Canadian Government have given substantial annual subsidies to a liner service between Western Canada and Australasia. They are prepared to discuss the question of continuing or extending assistance to such a service under present circumstances, as well as the question of the form in which such assistance might be granted so far as Canada is concerned.

4. In considering the main question the Canadian Government have to take account of the facts, first, that the greater part of our trade with Australia and New Zealand proceeds by way of the Atlantic ports of Canada, and, secondly, that much the greater part of the staple freight traffic to Australasia via the Pacific ports is carried by tramps and cargo ships. Consequently, the present problem presents itself as one concerning mainly the passenger trade. As the Imperial Shipping Committee have shown, it is a speed and luxury passenger trade that is involved. The total number of passengers is not very substantial, while the number of Canadian passengers is small.

5. In present circumstances the adoption of the proposals would have to be regarded as something in the nature of a new policy rather than as a simple continuation of the old policy pursued by Canada for many years. There are now two important circumstances which did not obtain at the beginning of the existing subsidy policy, namely, the Matson Line Service, and, secondly, the idea of joint or collective governmental assistance, including the suggestion of participation by the Government of a country not directly or immediately concerned in the territories or traffic in question though mainly controlling the ownership of the shipping interests concerned.

6. If the object is to meet the Matson Line competition the Canadian Government have some doubt whether a single new ship would be adequate and, therefore, whether it would turn out to be sound business for the Company to attempt to meet the problem on such a basis. That this was the view of the Imperial Shipping Committee seems to be implicit in their Report. However, it is realized that financial conditions might not permit the

<sup>1</sup> Non reproduit/not printed.

consideration of anything more at present, and, if conclusions of policy can be arrived at on the main questions, the Canadian representatives will be ready to explore the practicability of starting with only one new ship.

7. Consideration has been given to the proposal in the Aide Mémoire looking to a joint guarantee, in the name of the Governments concerned, of the cost (principal and interest) of the one new ship proposed—a form of financial assistance which, as is justly pointed out, would enable the Company to obtain the money at favourable rates. It is noted that the Government of the United Kingdom would be prepared to participate in a guarantee of interest and sinking fund payments on the understanding that the other three Governments would assume liability *pari passu*, and that on this footing the United Kingdom Government might undertake one-half of the guarantee. As regards the annual subsidy, the proposal further contemplates that the Governments of Canada, Australia and New Zealand should provide the necessary annual sum after agreeing among themselves as to the share which each should assume.

8. The Canadian Government appreciate the reasons which have led the United Kingdom Government to propose a guarantee of the capital cost as the only feasible form of assistance which they could contemplate in the circumstances of this particular case. It is understood that from their point of view the grant of annual subsidies to the Canadian-Australasian Line would be impracticable, since it would open such a wide door to claims which would, in view of the precedent created, be very difficult to deny. On the other hand, the Canadian Government find themselves in a similar difficulty as regards a policy of guaranteeing the capital costs. To do so in this particular case would be to create a precedent for claims for like assistance by other Canadian transport enterprises which, it is felt, could not properly be entertained and ought not to be encouraged. The payment of annual subsidies, however, does not present the same difficulty. In Canadian practice it has been an accustomed form of assistance to shipping. At the recent Session Parliament voted \$300,000 for the existing Canadian-Australasian service for the coming year. The Canadian Government would be prepared to consider carefully whether this might be increased, if they could see the prospect of a successful project based on satisfactory principles and understandings and correspondingly supported by the interested Governments.

9. As a part of the discussions which are to take place, the Canadian representatives would particularly like to be informed as to the legislation which, it is understood, has recently been passed in Australia and New Zealand regarding the shipping trade between their respective territories, in order that it may be considered what bearing these measures may have upon the present proposals and upon the general international situation.

10. Since the Aide Mémoire proposes, as one of the conditions of the United Kingdom Government's participation in the Pacific proposals, that the Canadian Pacific Company should come to an agreement with certain

other lines in regard to the North Atlantic services, the Canadian Government would appreciate being advised of the nature and scope of the proposals which have been or may be suggested for acceptance by that Company.

11. The Canadian Ministers in London have had the advantage of reading the replies made to the Aide Mémoire by the Governments of Australia and New Zealand, as well as the observations of the United Kingdom Government upon those replies. It is assumed that as a part of the discussions you would wish to have copies of the present letter furnished to the representatives of those two Governments.

12. The Canadian representatives in London will be glad to hold themselves in readiness to take part in such meetings or verbal discussions as may be arranged for the purposes of this whole question and to contribute such further information and explanations regarding the foregoing observations and other details not herein mentioned as may be in their power.

Yours sincerely,

VINCENT MASSEY

216.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

CONFIDENTIAL

July 19, 1937

PACIFIC SHIPPING

PROPOSED ASSISTANCE TO CANADIAN-AUSTRALASIAN  
LINE LIMITED BY THE GOVERNMENTS OF THE UNITED KINGDOM,  
CANADA, AUSTRALIA AND NEW ZEALAND

At the Imperial Conference, 1937, a Sub-Committee of the Shipping Committee, comprising representatives only of the above mentioned Governments, considered the question of joint assistance to the Canadian-Australasian Line to enable it to meet the competition of the Matson Line (U.S.), pursuant to the Imperial Shipping Committee's Report of October 1936. The Canadian-Australasian Line is owned, half and half, by the C.P.R. and the Union Steam Ship Co. of New Zealand, Limited (a subsidiary of the P. & O.). The Sub-Committee, after discussions with the shipowners, drew up a scheme for the consideration of the Governments, which may be outlined as follows:

1. Two fast, new ships to replace the existing old ones ("Niagara" and "Aorangi") at a total capital cost of £3,600,000; to be built and registered in Great Britain and based on Sydney.

2. Of the capital cost the owners to subscribe £1,000,000—£500,000 by the C.P.R. and £500,000 by the Union S.S. Co. (To this end the existing company—Canadian-Australasian Line, Limited—to be wound up and a new company formed).

<sup>1</sup> Ce mémorandum fut soumis au Cabinet/this memorandum was submitted to Cabinet.

3. To provide the balance of the capital cost, the four Governments to guarantee, jointly and severally, a £2,600,000 loan to be placed in the market by the Company. Under such a guarantee a 3% interest rate is anticipated.

(*Note:* The U.K. Government consider a joint and several guarantee essential, both to insure the principle of partnership and, for technical market reasons, to obtain the 3% interest rate. In the Sub-Committee the representatives of the other Governments specially reserved this point. The Australian Government have now accepted it, subject to the others accepting it. The New Zealand Minister of Finance stated recently in Ottawa that his Government would accept the scheme, or alternatively would put up their share of the capital in a single payment).

4. Annual subsidies totalling £205,000 to cover both the capital charges on the £2,600,000 guaranteed loan and also the estimated operating deficit, these being made up and allocated as follows:

*For capital charges* £175,000

(This being the annual liability for capital payments plus interest at 3% on a loan of £2,600,000 for 20 yrs.)

To be allocated:

Canada	£ 60,000
New Zealand	£ 40,000
United Kingdom	£ 37,500
Australia	£ 32,500
Fiji	£ 5,000
	<u>£175,000</u>

*For operating deficit:* £30,000

(This being the Imperial Shipping Committee's estimate)

To be allocated:

Canada	£18,000
New Zealand	£ 7,000
Australia	£ 5,000
	<u>£30,000</u>

(*Note:* The P.O. Dept. estimate that—including a proposed arrangement with the United Kingdom P.O. to divert certain mails now going via Panama—they can cover Canada's £18,000 out of transit charges payable to Canada by other countries for mails to be carried by this line under the subsidy arrangement. The broad result would be that the equivalent of such transit receipts, instead of representing P.O. earnings as hitherto, would be paid to the Company. Under existing subsidy contracts the Company carries mails without special charge).

5. Any further operating deficit to be covered by the parent Companies (i.e., C.P.R. and P. & O.) out of their own resources by way of advances to the new Company without interest.

(*Note:* Such advances would be a first charge on net earnings, to be repaid to the parent companies before any allocation of profits under paragraph 6 below).

6. Operating profit, if any, to be dealt with as follows (subject to paragraph 5 above).

(a) Up to 5% on £1,000,000 of the capital to be retained by the Company as depreciation or amortisation fund applicable in respect of the subscription, in that amount, made by the parent Companies.

(b) Any surplus thereafter to be divided equally between the Company and the four Governments. Out of its share the Company to be allowed to pay a dividend up to 5% on its capital: any balance thereafter to go to the Company's reserves. The four Governments' share to be divided among them proportionately to their assistance.

7. The new ships to call at San Francisco south bound only.

(Note: To minimise the effect upon Canada's mail transit earnings, the P.O. Dept. are arranging with the United Kingdom P.O. for the continuance of the Canadian route as much as possible, only last-minute despatches being routed via New York.)

8. Provided that the Governments concerned give an undertaking to recommend to their Parliaments the legislation necessary to carry out the scheme, the Company to place contracts for the ships in September or as soon as possible.

9. The full scheme to go into effect when the new ships go into operation. Their construction will take about two years.

(Note: Details of construction financing remain to be worked out. This may be taken care of by short-term borrowing at very low interest to be capitalised and included in the £3,600,000 capital cost.

10. In the meantime the shipping owners to continue to absorb any losses suffered by the existing Company—Canadian-Australasian Line, Limited—on the old ships.

217.

*Le premier secrétaire, le haut commissariat en Grande-Bretagne  
au sous-secrétaire aux Dominions*

*First Secretary, High Commission in Britain  
to Dominions Under-Secretary*

BY HAND

[London] September 14, 1937

SECRET

Sir,

Referring to your letter of August 3rd, S2/64,<sup>1</sup> I have the honour to state that the Canadian Government have considered the proposal for assisting the passenger and cargo liner service between Western Canada and Australia and

<sup>1</sup> Non reproduite/not printed.

New Zealand as now more definitely developed in the Board of Trade documents entitled "Revised Draft Notes for an Agreement (29/7/37)", "Explanatory Notes on Clauses (10/8/37)", and the "Draft Agreement (13/8/37)".

2. The circumstances which have induced the applications for such assistance are well known.

3. This service has been maintained for many years with the aid of substantial financial grants from the Canadian Government. The Canadian Government are in general agreement as to the desirability of a service of this nature being maintained if a satisfactory basis of assistance can be arranged. As the possibility of substantial contributions from other Governments has been indicated, careful consideration has been given to the scheme embodied in the above mentioned documents.

4. In considering the particular aspects of the scheme, it has been noted that two new ships are to be built in the United Kingdom, and the operation of the service to be based on Sydney.

5. As regards the suggestion of a joint and several guarantee by Governments of the total construction loan to be made to the shipowners, a good deal of doubt is entertained as to the desirability of this method, and the Canadian Government consider it would be preferable to adopt a guarantee limiting each Government's liability to a proportionate share of the total.

6. A further point which, after careful consideration, the Canadian Government find difficult to accept is the proposal that the new ships should call at San Francisco on southbound voyages. It is felt that such a practice, which would represent an alteration of the existing service, and also the lengthening of the voyage by several days, would result in disadvantageous diversions of traffic from Canadian channels.

7. Upon certain other aspects of the scheme it appears desirable to indicate the Government's attitude.

8. The Canadian Government feel they could expect arrangements to be made to ensure that, so far as practicable, material for ships, supplies incidental to their operation as well as personnel for the manning, supervision and management services, would be obtained from Canada.

9. It is understood that the design of the ships would be submitted to the Canadian Government, and that such matters as crew accommodation, manning, wages scale and working conditions would at all times be subject to their approval as well as to that of other Governments.

10. It is to be noted that the existing subsidy agreement between the Canadian Government and the Canadian-Australasian Line, Limited, contains a clause under which traffic rates are subject to the control of the Canadian Government. That agreement also provides that free passages shall be furnished for certain Government officials, such as Deputy Ministers



and Trade Commissioners, when travelling on official business. The Canadian Government accordingly consider similar stipulations should occur in any new agreement.

11. The draft of the operating agreement proposed to be entered into between the Governments and the shipping company, as well as the explanatory note, are now being carefully examined by the Canadian Government from the legal point of view in order to ensure that the Government's position would be effectively safeguarded; particularly to ensure against default in the maintenance of the service throughout the period of the contract; that the Government's position at the end of the proposed twenty years period of service would be properly protected; and that the guarantees to be required of the parent company would be adequate in all respects. Should any specific suggestions under such headings arise the Canadian Government will communicate them without delay.

12. Since there remain still outstanding the preparation of the agreement proposed in the above mentioned documents to be entered into between Governments and interests from or through whom the proposed guaranteed loan of approximately £2,600,000 will be borrowed, as well as discussion of terms on which the money would be raised and of the most convenient method of arranging for the payment of the sums that would fall due to the lender from time to time, the Canadian Government assume that proposals on these branches of the full scheme are under preparation and will be submitted for consideration at an early date.

I am etc.

L. B. PEARSON

218.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 52

London, February 28, 1938

Secretary of State for the Colonies has enquired whether Imperial Shipping Committee would be ready to report on shipping services of West Indies with the following terms of reference:

To survey shipping services at present provided to and from the West Indies and neighbouring Colonies, and to make any recommendations which seem required for their improvement.

It is stated that some Government departments and trading communities in the West Indies are dissatisfied with these services and feel some action should be taken for their improvement.

Would appreciate your views by cable by March 5th if possible.

219.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 57

Ottawa, March 4, 1938

Your telegram No. 52 of February 28. Proposed reference to Imperial Shipping Committee regarding West Indies.

We have no views to express in regard to shipping services between the West Indies and the United Kingdom. As far as the shipping services between Canada and the British West Indies are concerned, these are of course regulated by the Canada-West Indies Trade Agreement of 1925. It may be added that this Agreement provides for service to and from various of the West Indies and that in fact it is used for inter-island service.

220.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 55

London, May 6, 1938

CONFIDENTIAL

Sir,

I have the honour to refer to your despatch No. 66, of the 9th March 1937,<sup>1</sup> and to inform you that at their last meeting the Imperial Shipping Committee considered a rough draft Report on British Shipping in the Orient. In the course of the discussion which then took place a suggestion was made by the High Commissioner for India that one solution of the problem of maintaining the position of British shipping in the Far East lay in requiring a certain proportion of trade to be carried in British ships, as a condition of any future Trade Agreements between Japan and the British countries concerned. This suggestion had the support of Sir Frederick Leith[-]Ross, representing the United Kingdom Government, and other members of the Committee.

2. Other suggestions submitted to the Committee included the payment of subsidies, the organization of shipping, merchanting, banking, insurance, etc., in a co-operative movement comparable to those existing in Japan,

<sup>1</sup> Non reproduite/not printed.

and that an organization should be established to keep continuous watch over British shipping in the Orient. This organization would be served by a permanent secretariat, and annual conferences would be arranged at convenient centres.

3. Sir Frederick Leith[-]Ross informed the Committee that the United Kingdom Government would be glad to have any recommendations the Committee might feel able to make, and that if these could be presented in precise and definite form so much the better.

4. A suggestion had previously been made that Part III of the Report, which presumably would contain the conclusions of the Committee and recommendations, if any, agreed upon, should be presented confidentially to the Governments of the Empire. The Chairman replied that he did not think the Committee should make recommendations on the lines of a Royal Commission, and the point was also raised as to whether the terms of reference invited the Committee to make recommendations. It may be convenient here to quote the terms of reference, as follows:

In view of the changing conditions of sea-borne trade in the Middle Eastern and Far Eastern waters, and particularly of the effect on British shipping of the increased competition of foreign flags, the Imperial Shipping Committee is requested to enquire into the position of British shipping in these waters.

5. With regard to the suggestion that the Report, or alternatively Part III of the Report, should be presented confidentially to the Governments of the Empire, the Canadian representative submitted that as the enquiry had been referred to the Committee by the United Kingdom Government, the report of the Committee should be presented to that Government only, but that copies should be forwarded to other Empire Governments for information. The United Kingdom Government would then be in a position to take the matter up with other Governments if it desired to do so. Perhaps you will be good enough to inform me whether any modification of this position should be adopted.

6. I should also feel grateful if you would indicate your views as to whether the Report should contain definite recommendations from the Committee as to the remedies that might be adopted to improve the position of British shipping in the Orient, or whether it would be preferable that the Report should merely recapitulate the suggestions or recommendations placed before the Committee for the solution of the problem.

7. A copy of the draft minutes of the 222nd meeting of the Committee, held on April 1st, has just reached me, and I send it herewith as it covers the matters herein mentioned.

8. The next meeting of the Committee will probably be held on June 3rd next, and I shall be much obliged if you will favour me with your observations before that date.

I have etc.

VINCENT MASSEY

221.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 131

Ottawa, June 15, 1938

CONFIDENTIAL. Your despatch No. A. 55 of May 6, 1938. Imperial Shipping Committee inquiry into British shipping in the Orient.

Position of Canadian representative, as indicated in paragraph 5 of your despatch, is approved.

Regarding your paragraph 6 it is, in the circumstances, not desirable that Canadian representative should join in any definite recommendations; though it would be unobjectionable to join in a report recapitulating suggestions or recommendations placed before the Committee by others. Canadian Government did not participate in making the reference to the Committee. Our knowledge here of what developed during the inquiry is slight. Apparently the Committee did not concern itself practically with Canadian shipping or with shipping between Canada and the Orient. In these circumstances it would be impracticable for Canadian Government to express any responsible opinion as to what the report should contain or to take the responsibility of authorizing their representative to sign or concur in definite recommendations.

222.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 296

London, December 19, 1938

CONFIDENTIAL. Your telegram No. 131 of June 15th. Imperial Shipping Committee report on British shipping in Orient is now ready for signature subject to certain drafting amendments. Summary of principal conclusions follow[s]:

(a) Committee states that it is not for them to formulate specific recommendations respecting Government financial assistance to the British lines but that a strong case has been submitted on their behalf. If the Empire Governments concerned desire that the British lines should carry a fair share of the traffic some financial assistance may prove to be necessary. If it is decided to grant such assistance consideration might be given in the first instance to the practicability of assistance for modernization of their fleets as part of the solution of their difficulties.

(b) Such assistance might prove unavailing unless steps could be taken with the cooperation of merchant and banking interests concerned and so far as neces-

sary of Governments, to ensure that a fair and reasonable share of the carrying trade between various parts of the Empire and Japan is allotted to the mercantile marine of the Empire. In order to strengthen the bargaining powers of British lines in negotiations with competitors the provision of some financial assistance towards costs of operation may have to be considered and possibly some action in field of commercial policy.

(c) If British shipping in Orient is to hold its own in competition with Japan and other foreign shipping it may be necessary to develop some new form of organization appointed by the Governments concerned and specially charged to watch over British shipping interests in Middle and Far Eastern waters.

The report is to be presented to the United Kingdom Government and communicated for information to other Governments. As there are no specific recommendations and as the conclusions reached are solely for consideration of Governments concerned, I propose to sign report and shall be glad to learn your concurrence.

MASSEY

223.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR DESPATCH D. 24

London, June 9, 1939

Sir,

I have the honour to state that His Majesty's Government in the United Kingdom have recently had under consideration the 38th Report of the Imperial Shipping Committee relating to "British Shipping in the Orient".

2. As a result they are impressed by the serious situation indicated in the Report, and by the possibility of still further untoward developments which might affect British shipping in the future. In their view, although the difficulties of British shipping in the Orient do not result solely from Japanese competition, this is undoubtedly the most important and threatening factor, and it seems desirable to take the present opportunity to examine the possibility of an inter-imperial policy designed to afford safeguards to British shipping against this particular menace.

3. In so far as the difficulties referred to arise from other than Japanese sources, (e.g. from competition with German and Italian subsidised lines), it is considered that these matters might best be dealt with separately, rather than as part of a problem peculiar to shipping in the Orient.

4. Some of the points dealt with in the Report, such as the building of new ships and the question of subsidies, may be facilitated by the legislative measures now under discussion in this country in connexion with the plans of the United Kingdom Government for assistance to United Kingdom shipping, . . . though it is not at present possible to say to what extent those measures will prove applicable to the complex question of British shipping in the Orient. Other suggestions, e.g. those relating to devolution of manage-

ment of shipping companies, and an increased measure of co-operation between British Shipowners, are matters for the consideration of the individual shipping companies concerned. The views of the United Kingdom Shipping industry on these and other matters raised in the Report have been invited, and when they have been received, further consideration will be given by the United Kingdom Government to the questions of wider policy which are involved.

5. The Canadian Government will no doubt have also been considering the Report; and as it would be of great value to the United Kingdom Government if they could be informed of any views and conclusions which have been reached, I should be glad to learn whether they are now in a position to furnish their views in regard to the position disclosed by the Report, if necessary on a preliminary basis and without prejudice to the results of further examination.

6. In this connexion, the observations of the Canadian Government on the suggestion contained in paragraph 368 of the Report for the setting up of some new form of organisation appointed by the Governments concerned, and specially charged to watch over British shipping in Middle and Far Eastern Waters, would be specially welcomed. Co-operation between the Governments concerned in dealing with the problem of British shipping in the Orient would appear to be in accordance with the resolution on shipping approved by the Imperial Conference of 1937, and while there are difficulties in the way of establishing an organisation of the kind suggested by the Imperial Shipping Committee, the United Kingdom Government hope that the Canadian Government will feel able to undertake an examination of this suggestion, and of the problem to which it relates.

I have etc.

T. W. H. INSKIP

224.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 169

Ottawa, August 1, 1939

Sir,

I have the honour to refer to your circular despatch D. No. 24 of June 9, 1939, regarding the 38th Report of the Imperial Shipping Committee relating to "British Shipping in the Orient".

In view of the particular situation to which the terms of reference and the Committee's inquiry and findings were confined, the question of Canadian interest or standing in the matter appears to be somewhat doubtful, and the Canadian Government have formed no views or conclusions upon

the Report. Should the United Kingdom Government, however, after their proposed consultations with the shipowners concerned, express any specific views or conclusions, the Canadian Government would be glad to give them careful consideration.

I have etc.

LAURENT BEAUDRY for the . . .

#### AVIATION CIVILE

b.

#### CIVIL AVIATION

225.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 22

London, March 5, 1936

CONFIDENTIAL. My despatch of the 24th January, No. 28.<sup>1</sup> In view of great and growing interests of foreign nations in Transatlantic air services (as evidenced by visits of e.g. French and Germans to Washington and by reports that Germans contemplate crossing by new zeppelin this summer and that service between New York and Copenhagen is being considered) we feel steps should be taken to push forward with scheme discussed at Ottawa in December last and we therefore hope that His Majesty's Government in Canada will feel able to approve recommendation at a very early date. In our view, as was explained at Ottawa, it is most important that experimental flights should be carried out this year if members of British Commonwealth concerned are not to be outstripped by other nations.

Pending receipt of Canadian Government's reply we have thought it well (as has been explained by United Kingdom High Commissioner) in order to strengthen existing understanding with Pan-American Airways, to inform that Company confidentially of terms and conditions on which we should be prepared to grant them a license to operate a Transatlantic service to this country. This we have done by mail leaving England for New York, March 4th. Draft license follows wording of document 9 prepared at Washington by Woods-Humphery and Trippe and by them communicated to the three British Commonwealth missions, except that clause (c) and references in preamble to Canada and Irish Free State have been (omitted?) on the ground that these provisions could more appropriately be made in license to be granted by Governments of Canada and Irish Free State respectively.

<sup>1</sup> Non reproduite/not printed.

226.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 20

Ottawa, March 26, 1936

Your despatch of January 24th, No. 28, and telegram of March 5th, No. 22, Transatlantic Air Services. Government of Canada, having noted the decisions of the United Kingdom and Irish Free State Governments to approve the conclusions and recommendations reached at the Ottawa Conference on December 2nd, 1935, have also decided to approve them. Organization of meteorological and radio services is now proceeding. Pan American Airways are being notified that we are prepared to issue Canadian permit in terms of draft prepared at Washington conference. We concur in view of Irish Free State Government concerning review of exclusive rights to Joint Operating Company as expressed in their despatch of February 4th, No. 9 to you. We also agree to formation of ad hoc Committee, representative of all the governments concerned, for the purposes shown in your despatch of March 3rd, No. 20, to Government of Irish Free State, and nominate our High Commissioner in London as our representative.

227.

*Le secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs*  
*to High Commissioner in Britain*

TELEGRAM 83

Ottawa, March 27, 1936

Transatlantic Air Services. With reference to my telegram to Dominions Office of March 26th, No. 20, please inform us of the various questions proposed by Air Ministry and Irish Free State for study by *ad hoc* Committee as soon as they can be described in more detail. As regards purposes of proposed permanent Intergovernmental Committee, informal discussions at Ottawa conference in December last contemplated that among other things it might be used in some way as a safeguard to keep the Joint Operating Company flying the Direct Route which is our primary object. Possibly it might be stipulated that the Company must periodically submit proposals as to routes and services to the permanent Committee for approval of the governments concerned; such a stipulation to be made effective by insertion in the landing and flying licenses which are to be issued by each government to that Company or to Imperial Airways as the case may be. Constitution of Communications Advisory Committee in relation to Cables and Wireless Limited, subject to adjustments suggested by experience in that case, may afford some guidance in framing constitution of permanent Committee in this case.



Despatch<sup>1</sup> went to you in bag March 19th with documents and information concerning Ottawa and Washington conferences.

228.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 43

London, May 30, 1936

IMPORTANT. CONFIDENTIAL. Transatlantic air services. Note has been received from the United States Embassy with particular reference to letters from United States Secretary of Commerce to United States Secretary of State which appear in record of meetings held at Washington on December 12th last. Note opens with expression of regret that it has not been possible to conclude proposed arrangements by May 1st and continues with statement that the United States Government are anxious to approve applications of Imperial Airways provided that agreement is reached on the following points:

1. Reciprocity. Approval to be subject to other Governments concerned granting full reciprocity to United States air line company agreeable to proper authorities of the United States.

2. Applicable laws and regulations. Approval to be subject to adherence of company to United States laws and regulations though it may be exempted from necessity to conform with regulations as to airworthiness and airman-competency. No authority can be given to engage in inter-State or intra-State commerce in the United States.

3. Airways and services. Though United States Secretary of Commerce has no authority to designate airways in regions outside jurisdiction of United States of America, he can take into consideration approaches and connections of airways outside United States jurisdiction with those within it.

4. Transatlantic airways. United States Government willingly approves application to land at ports designated in letters from Secretary of Commerce to Secretary of State. As regards local services from Bermuda to New York, it would be required that local traffic would be transported on aircraft restricted to that service and that traffic destined for through trans-Atlantic service should be restricted to trans-Atlantic aircraft. Routes and services to be subject to alteration by mutual consent.

5. Non-exclusiveness. Approval to be on a non-exclusive basis and companies concerned to have approval of their respective Governments.

6. Right of revocation. Because of limitations of law on the authority of an agency of the United States Government to issue an irrevocable permit, United States Government desire to have it understood that any Government concerned may for important reasons of policy and upon due notice, withdraw approval at any time.

<sup>1</sup> Non reproduite/not printed.

Note ends with statements that if His Majesty's Government in the United Kingdom are in accord with above, United States Government would address similar communications to the Governments of Canada and Irish Free State, and that upon receipt of satisfactory information from Governments concerned they approve pending applications of Imperial Airways.

His Majesty's Government in the United Kingdom propose to reply on the following lines:

(a) As regards 1 and 2 they agree with United States Government.

(b) As regards 3 they would point out that neither Government has legal or practical power to designate airways or routes to be followed over territories or waters outside its own juridical control.

(c) As regards 4 United Kingdom Government agree aircraft employed on local Bermuda-New York service should be separate from and independent from those employed on trans-Atlantic service. They can assure United States Government that they have never had any intention of using local service between Bermuda and New York as means of creating separate trans-Atlantic services additional to those under consideration.

(d) As regards 5, the record of Washington discussions contains reference to non-exclusiveness with which His Majesty's Government in the United Kingdom are in full agreement. They also agree that companies concerned must at all times have approval of their respective Governments.

(e) As regards 6, while His Majesty's Government in the United Kingdom appreciate considerations adduced by the United States Government, they feel that it is very desirable that the conditions of tenure under which the companies would undertake this important enterprise should be as firm as possible in order to encourage them to develop the service by all means at their disposal. In these circumstances they would urge the desirability that the permits to be accorded to Imperial Airways or a Company in which the Imperial Airways holds the controlling interest should be for 15 years. For their part, having regard to achievements of Pan-American Airways and to record of close and friendly cooperation between that company and Imperial Airways, they would be prepared to give Pan-American permits for 15 years. At the same time if United States Government wishes revocation of clauses included in permits they suggest:

(1) that it should be agreed between the Governments, (a) that resort should not be had to revocation except for reasons of public policy, (b) that notice of revocation should only be given after prior communication between Governments,

(2) that revocation should take effect two years after notice had been given. Similar clauses would of course be inserted in United Kingdom permits to Pan-American.

Reply would continue with expression of hope that United States Government will feel able to issue permits to Imperial Airways or a company in which the Imperial Airways has controlling interest and with suggestion that

permits to be issued by the United Kingdom and United States Governments should become operative as from June 1st, 1936. In conclusion the United Kingdom Government would note that United States Government proposes to communicate with Canadian and Irish Free State Governments with regard to permits to be issued to Pan-American by those Governments.

Should the Canadian Government desire to offer any observations we should be grateful if these may be communicated not later than Saturday, June 6th, since request of the United States Government for early reply, and desirability on general grounds that question of permits should be settled as soon as possible, make it important that answer should be sent early in the week after next.

This telegram is being sent to Canada, No. 43, and to the Irish Free State.

229.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 35

Ottawa, June 3, 1936

CONFIDENTIAL. Your telegram of May 30th, No. 43, Transatlantic Air Services. Canadian Government consider your proposed reply to the United States Government to be appropriate and have no special observations to offer.

230.

*Le secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs*  
*to High Commissioner in Britain*

TELEGRAM 38

Ottawa, February 5, 1937

CONFIDENTIAL. Your telegram No. 25 of January 22nd.<sup>1</sup> Transatlantic Air Service. Informal discussions of recent weeks between our Legation and State Department in Washington indicate there is a disposition in Department of Commerce to take a stand that unless draft Canadian permit to Pan American is modified as regards Canadian port of call, no United States permits will be issued. We are maintaining our position that best course is to issue all permits and get on with experimental flights, after which whole question of Canadian port can be better considered in the light of experience. It is still possible this will be recognised as a reasonable solution.

We have received despatches<sup>1</sup> from Government of Irish Free State to which you refer and recognise there is much to be said for their proposed procedure from point of view of maintenance of their formal status. We

<sup>1</sup> Non reproduites/not printed.

have tried to avoid raising formal questions in the interest of getting a working arrangement. If we should formally communicate our draft permit to United States Government now, while our informal discussions are incomplete, a formal deadlock might result with unfortunate effects upon whole arrangement reached at Washington in December 1935.

If Government of Irish Free State should carry out proposed procedure now, there seems no reason to suppose any direct difficulty would result between them and United States, since there appears to be no unsettled practical issue between these two. On the other hand, it seems possible that such action might indirectly produce an unfavourable reaction, as suggested at the end of your telegram.

We shall inform you of any further intimations which we may receive from Washington. For the time being at least it appears to be advisable to leave the next inquiry to be made by the State Department.

231.

*Décret du Conseil*

*Order in Council*

P.C. 284

February 10, 1937

The Committee of the Privy Council have had before them a report, dated 9th February, 1937, from the Minister of Transport, representing:

That negotiations have been conducted between representatives of the Governments of the Dominion of Canada, the United Kingdom, the Irish Free State, Newfoundland and the United States of America for co-operation in the operation of a trans-Atlantic air service.

That an Agreement has been reached between representatives of the said Governments whereby the trans-Atlantic air service will be operated jointly by companies, namely

(1) A company to be formed with the approval of the Governments of the Dominion of Canada, the United Kingdom and the Irish Free State, and recognized by the said Governments as a company for the purpose of conducting in part the trans-Atlantic air service.

(2) Pan American Airways Company, incorporated under the laws of the State of Delaware, one of the United States of America, and recognized by the Government of the United States of America as a company for the purpose of conducting in part the trans-Atlantic air service.

That further agreement has been reached between representatives of the said Governments on the terms and conditions on which the aircraft of the said company to be formed with the approval of the Governments of the Dominion of Canada, the United Kingdom and the Irish Free State may

fly into, over and away from the territory of the United States of America and the aircraft of the said Pan American Airways Company may fly into, over and away from the territories of the Dominion of Canada, the United Kingdom, the Irish Free State and Newfoundland, and that the terms and conditions so reached on which the aircraft of the said Pan American Airways Company may fly into, over and away from the territory of the Dominion of Canada are as set out in the attached draft of a Permit to the said Pan American Airways Company.

The Minister submits the above and recommends that pursuant to the provisions of the Aeronautics Act, being Chapter 3 of the Revised Statutes of Canada, 1927, approval be given to the granting to the said Pan American Airways Company of a permit on the terms and conditions as set out in the attached draft of permit and that authority be given to the Minister of Transport to grant the said permit accordingly.

The Committee concur in the foregoing recommendation and submit the same for approval.

E. J. LEMAIRE

[ANNEXE/ANNEX]

PERMIT TO: PAN AMERICAN AIRWAYS COMPANY

Pan American Airways Company is granted permission to fly into, through and away from the Dominion of Canada, for the purpose of conducting a civil air transport service for the carriage of passengers, goods and mail, between the United States and the United Kingdom, via Newfoundland and other countries, for a period of fifteen years from the first day of May, 1936, under the following conditions:

(a) That the number of round trips by Pan American Airways Company shall not exceed two per week, unless additional services are authorized by the Governments concerned.

(b) That the said service via Newfoundland shall call at a suitable port in Canadian territory designated by the Government of Canada, such as shall neither reduce the efficiency, regularity and reliability of this service, nor unduly increase the cost, or at Montreal (preference being given to the latter, operating conditions and other factors being equal), with authority to pick up and discharge passengers, cargo and mail to or from points on the route outside of the Dominion of Canada.

(c) That Pan American Airways Company conforms to all air navigation regulations laid down by the authorities at the Port of call in the Dominion of Canada, and to all applicable regulations and statutes in force in the Dominion of Canada.

(d) That Pan American Airways Company conforms to the air-worthiness requirements specified by the United States Government for a United States international air service.

(e) That notwithstanding that this permit is valid for a period of fifteen years, the rights and privileges afforded herein shall not be available unless and until the Government of the United Kingdom issues a permit to Pan American Airways Company to operate a civil air transport service across the North Atlantic Ocean between the United Kingdom and the United States via Newfoundland, and this permit shall lapse if and when the said permit from the Government of the United Kingdom lapses.

Dated at the City of Ottawa, in the Province of Ontario and Dominion of Canada, this                      day of February, One Thousand Nine Hundred and Thirty-seven.

Minister of Transport  
for the Dominion of Canada.

232.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 69

Ottawa, February 25, 1937

IMMEDIATE. CONFIDENTIAL. 1. Your despatch No. A.11 of February 12th<sup>1</sup> and your telegrams No. 80 of February 17th<sup>1</sup> and No. 97 of February 24th.<sup>1</sup> Transatlantic Air Service.

2. We note that in United States note of February 8th, 1937, to United Kingdom position is now definitely taken that, as a condition of issuance of United States permit to Imperial Airways, the permits to be issued by Canada and Irish Free State to Pan American Airways must be acceptable to United States Government.

3. We note also that United Kingdom draft reply proposes to try to bring United States Government back to the formula indicated in United States note of October 9th, 1936, to United Kingdom, namely that receipt by United States of satisfactory Canadian and Irish permits should be a prior condition merely to the commencement of flying service rather than to issue of United States permit.

4. We have no objection to United Kingdom replying to United States in accordance with the draft.

5. In view of apparently unequivocal terms of United States note of February 8th and of the disposition in certain quarters in Washington, referred to in my telegram No. 38 of February 5th, it will not appear surprising if United States, in responding, should insist upon formula of February 8th as set forth in paragraph 2 above.

<sup>1</sup> Non reproduits/not printed.

6. In that event it would seem that we could not usefully continue to follow precisely the line as generally advised by Mr. Trippe last fall and as indicated in my telegram No. 38 of February 5th.

7. We are ready at any time to communicate formally to United States Government agreed draft of Canadian permit to be issued to Pan American Airways. Or, in the alternative, we could communicate to that Government, for transmission to Pan American Airways, actual permit signed on behalf of Canadian Government. An Order in Council was passed on February 10th authorising Minister of Transport, under Aeronautics Act, Revised Statutes of Canada, 1927, chapter 3, to grant such permit in the terms settled during Washington Conference of December 1935.

8. At the same time we would be prepared to authorise our Minister in Washington, should any further statement appear necessary or useful, to state definitely that our understanding is that during the experimental stage flights would be conducted by Pan American Airways via Shediac to the same extent as via Montreal.

9. Procedure contemplated in paragraph 7 above would probably throw special question of Canadian port of call into formal channels of correspondence between Canadian and United States Governments. But there appears to be no reason to suppose the delay would be lessened by keeping that question in informal channels as at present. It would still remain open to press for issuance of all permits in present form, accompanied perhaps by some exchange of notes between Canada and United States, which, without prejudice to position of either, might postpone final decision on this special question until the time when actual commencement of regular service appears feasible.

10. Please inform *ad hoc* Transatlantic Air Service Committee accordingly and reply as soon as possible.

233.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 109

London, March 2, 1937

Contents of your telegram No. 69, February 25th, Transatlantic Air Service, conveyed this afternoon to a meeting of *ad hoc* Committee. It was agreed under the circumstances nothing to be gained by following any longer line advised by Trippe last autumn and that best course now would be for Canadian permit to be communicated to United States Government for issue to Pan American Airways. It was felt that second alternative mentioned in paragraph 7 preferable, namely, that actual signed permit should be forwarded.

United Kingdom Government would now in its turn forward their permit to United States Government.

Shelmerdine stated that from information he had recently received he felt there was reasonable chance of Canadian permit being accepted in Washington as satisfactory.

Dulanty states that the Irish Free State anxious to have permanent Committee set up as soon as possible to replace *ad hoc* Committee.

234.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 91

Ottawa, March 9, 1937

Your telegram No. 109 of March 2nd. Transatlantic air service. Permit for Pan American Airways Company, signed by Minister of Transport in terms arranged at Washington meetings December 1935, has been sent today to Minister at Washington for immediate transmission to State Department, with request that it be forwarded to Company. At same time he is to state that Canadian Government are entirely agreeable to experimental flights beginning at once and will be glad to extend the co-operation of their facilities for such experimentation as may be found necessary. As soon as received, copies of the Minister's note to the State Department will be sent to London and Dublin.

235.

*Projet de mémorandum<sup>1</sup>  
Draft Memorandum<sup>1</sup>*

March 23, 1937

IMPERIAL CONFERENCE 1937

*Civil Air Questions  
Preliminary Notes Respecting Canadian Position*

1. *The U.K. Proposals* (as advanced in their Papers No. E(37)4 and E(37)5 and summarized in paragraph 7 of accompanying memorandum of March 22) represent a policy of *Imperial Preference in the Air Shipping Trade*. Can estimates be made—as in the case of Imperial Preference in the goods trade—as to the benefits to be received in return for concessions granted and as to the injuries arising from retaliation or countervailing action by other countries?

<sup>1</sup> De/by L. C. Christie.



2. The main direct beneficiaries would be Imperial Airways Limited and its shareholders.

3. What direct benefits would accrue to Canadian air companies?

Consider proposed Canadian 24½[%] shareholding in proposed Joint Operating Company (a U.K. company) for transatlantic service.

4. What indirect benefits would accrue to Canadian shippers, mails or other elements of the Canadian community, or the community as a whole?

5. What liabilities or injuries might be expected to arise in the event of retaliation or countervailing action on the part of foreign countries?

6. It is noteworthy that whereas, in the case of marine shipping, the U.K. Papers appear doubtful of the weapon of asserting inter-Commonwealth shipping as "coasting trade" reserved for British shipping (since on balance this would likely injure British shipping), yet the Air Papers in effect strongly urge this weapon. (They do not say so directly, but the understandings and principles proposed are intelligible and could be effective in diplomacy only on such a basis).

7. The Ottawa agreement of December 1935 respecting Transatlantic Air Service provided—

19. Each Government will grant to the Joint Company such landing and transit rights, within its own territory, as may be necessary for the transatlantic air service contemplated herein. Until otherwise determined by the consent of the four governments, *such rights of the Joint Company will be exclusive in respect of transatlantic service.*

8. On July 30th, 1936, an official statement was made in the U.K. House of Commons regarding the contemplated air service between the U.K. and the U.S., indicating that the granting of exclusive landing rights for this service during fifteen years to two companies was under consideration. On November 16th, 1936, referring to this statement, the Netherlands Minister in London addressed a formal note to the U.K. Government in which he said . . . :

My Government are of opinion that, if such a monopoly is granted, His Majesty's Governments in the United Kingdom, Canada and the Irish Free State will find it difficult, if not impossible, to apply article 15 of the International Air Convention of 1919 in the spirit of the recommendation made by the Air Committee in June 1929, the text of which was: "que l'autorisation prévue par l'article 15 de la Convention ne soit refusée que pour des motifs raisonnables".

I shall be grateful if you will be good enough to let me know whether a decision has yet been taken in the matter by His Majesty's Government. The Netherlands Government are anxious to receive this information in order to consider what their attitude should be on the subject of limiting landing rights.

9. With this weapon of "exclusivity", or reservation of the inter-Commonwealth routes as coasting trade, we are invited to enter a contest which is pictured as a contest for "world domination in civil air transport". This somewhat sensational picture may be valid so far as the main interest of the U.K. is concerned. Her main line of trading communication and Imperial

interest is the line around the Great Continent: England—Near East—Egypt—India—Far East and Australasia. There the competitors are France, Germany, Netherlands. Canada, however, is not on that line. The only foreign country that comes substantially into our picture is the United States. We have not yet really asserted the principle of “exclusivity” against the United States as a weapon. Our whole practice has been co-operation. In this picture, as in so many others, because of the geographical realities, it seems inevitable that, so far as principles are concerned, ours must be co-operation with the U.S. equally with the U.K.; while, as concerns substance, our actual business with the U.S. will in fact be of far greater volume than with anyone else.

10. Possibly at the Conference Canada will be recognized as being in a special position. In any case, it would seem inadmissible to accept the proposals made in these U.K. Papers. The Canadian position, it is submitted, may be fairly interpreted by reference to previous negotiations and correspondence as follows.

11. While in the Transatlantic Air Agreement we nominally accepted the principle of “exclusivity”, we did so only after agreement had been reached that a U.S. company would be admitted into the circle on a basis of equality. That is to say, as regards our chief foreign relation and the only country on this end of the route which would make this principle a matter of serious, direct concern, we never really adopted the principle. The other countries who are showing concern about the principle of “exclusivity” are and must be those on the other side of the ocean, i.e., Europeans—France, Netherlands, Germany etc. So that, by reason of geography, the question whether the principle of exclusivity is to be broken down for others is in the hands of the U.K. and the I.F.S. [Irish Free State], because the granting of the first essential landing rights is in their hands. If the U.K. and the I.F.S. propose to maintain this principle and justify it to others—e.g., in reply to the Netherlands démarche—there seems no compelling reason why Canada should associate herself with the effort. It may be argued that the proposed Canadian 24½% participation in the proposed Joint Operating Company constitutes such a reason. On the other hand, it may be that the possibility of a government financial interest in the Joint Company (by reason of the government’s financial interest in the proposed Trans-Canada Air Lines) affords a still stronger reason for caution as regards this principle of “exclusivity” and this assertion of a right to reserve inter-Commonwealth air trade as “coasting trade”. Nor should we adopt the precedent of acting diplomatically on behalf of any but a Canadian company (the Joint Co. will be of U.K. incorporation).

12. The correspondence<sup>1</sup> with New Zealand in October 1935 and February and March 1937 indicated our position as follows:

(a) If it is to be proposed or implied that the Governments should agree or decide as a matter of principle that the flying trade between Commonwealth states may be reserved exclusively for their aircraft

<sup>1</sup> Non reproduite/not printed.

owners and interests, the Canadian Government are not convinced of the practicability of such a principle, or that the suggestion of it would represent a useful approach in specific negotiations with other countries; while on broader grounds they feel also it would not be calculated to improve the existing general international situation.

(b) As regards arrangements for air services involving the territories of more than one Commonwealth state and of another state, the Canadian practice has been to deal with concrete cases as they arise in the light of actual circumstances and by means of direct participation of all concerned in any negotiation involved; as in the case of the transatlantic service, where existing companies were actually ready to undertake the project and made application accordingly.

(c) If actual flying developments—e.g., in the Pacific—should appear to render advisable negotiations with another country—e.g., the U.S.—concerning an air service over a specific route, or concerning transpacific air services generally, and involving the necessity of Canadian participation, the Government would be prepared to consider entering upon such negotiations.

(d) So far as Canada's position, or the question of rights for Canadian companies, may be involved, the Government do not feel that such a comprehensive problem, raising such wide and important international issues, could be satisfactorily negotiated with foreign governments by another Commonwealth government alone, without direct participation of all concerned.

13. A position thus based on our previous practice and correspondence, as shown in paragraphs 11 and 12 above, would be substantially the same in principle as that suggested in another memorandum<sup>1</sup> for the case of marine shipping questions.

236.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*

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

TELEGRAM

Washington, April 20, 1937

My telegram 17th April.<sup>1</sup> United States permits to Pan-American Airways for transatlantic service were delivered by the Secretary of Commerce [to] Mr. Trippe this afternoon in the presence of United States officials, British Ambassador, Irish Free State Minister, myself and representatives of the press. I was handed note enclosing duplicate of United States permit to Imperial Airways and maps showing two routes from Botwood to Canada-United States border. Copies will be forwarded in next bag.

<sup>1</sup> Non reproduits/not printed.

237.

*Le procès-verbal, le Comité sur les communications aériennes civiles,  
la Conférence impériale, 1937*

*Minutes of Proceedings, Committee on Civil Air Communications,  
Imperial Conference, 1937*

Third Meeting

[London] June 4, 1937

SECRET

THE CHAIRMAN said that the meeting had been specially called on account of the desire of the Canadian Delegation, expressed at the meeting of the Sub-Committee held on Thursday, 3rd June, to have Resolution No. 1, adopted at the second meeting, reconsidered. He was obliged to point out that the matter had been reopened by the Canadian Delegation, although they were represented on the Sub-Committee which drafted the Resolutions, and were present at the meeting when it was adopted.

THE HON T. A. CRERAR (Canada), at the Chairman's request, said that, after further consideration of the first of the two Resolutions adopted at the second meeting of the Committee, the Canadian Delegation as a whole were unable to accept it. He had therefore asked the Secretary to circulate a revised draft.<sup>1</sup>

THE CHAIRMAN interposed to say that, according to his recollection, and as recorded in the draft minutes of the Meeting, the Canadian Delegation had been asked to table amendments of the original Resolution.

MR. CRERAR (Canada) said that his understanding was that an alternative Resolution was to be submitted by them. The general objections of the Canadian Delegation to the Resolution as originally worded were that it was too rigid in its terms; that it put forward the proposition of developing all-British routes to the prejudice of others; that it did not take account of the necessity of building up air transport on the same broad and non-exclusive principles as had been employed in the case of shipping, and speaking frankly, that Canada's special geographical relations with the United States rendered it necessary for them to cultivate friendly relations with that country. If the United States got the impression that there was a scheme for British commercial domination in the air, Canadian relations would be prejudiced in other matters.

LORD SWINTON (United Kingdom) said that it was important to get clear what was the Empire policy, apart from what it might be desirable to state in published documents. At this stage he was not concerned with publication—the Resolutions on Defence were not published—but it was vital, and indeed the purpose of the Imperial Conference, that there should be a clear understanding as to the policy which it was proposed to pursue, and whether the policies of the various Members of the Conference were in accord.

<sup>1</sup> Le document suivant/ the following document.

According to his recollection, the Resolution as originally drafted represented exactly the discussion which took place on the United Kingdom papers, and the policies which had been followed by Members of the Commonwealth. It contained no suggestion of world domination, although other countries had made no secret of their ambitions in this regard. What was stated was that the British Empire should not come under the domination of other countries, but that Empire services should be in Empire hands and not in those of other people. Mr. Crerar had urged the importance of freedom for air lines, but the British Empire had done its best to obtain free trade in the air without obtaining the support of any other countries (except two), and it was now governed by an Air Convention whereby concessionary rights were necessary before an air line could be established. If concessions were to be given, reciprocal rights must be obtained.

It was of the utmost importance that, when an application was received affecting the interests of any Member, there should be agreement by consultation to obtain Empire reciprocity. He instanced the history of the trans-Atlantic arrangements, in which Canada had been insistent upon complete agreement being maintained. Australia and New Zealand had agreed with Canada that the proposed trans-Pacific route should go through to Vancouver, although, if there had been no consultation, they could have arranged with the United States for the route to terminate at San Francisco.

THE HON. C. A. DUNNING (Canada) interposed that this was the case at present.

THE HON. W. NASH (New Zealand) said that New Zealand was under no restriction to prevent her going on to Vancouver and that they had planned to get reciprocal rights at San Francisco for this very purpose.

LORD SWINTON (United Kingdom) said that this was an example of misunderstanding which threw into relief the necessity for Empire consultation. If the Canadian Resolution, as drafted, were now passed there would be no reason for New Zealand or Australia to consult her on this line as it need not connect with Canadian territory. He instanced further the Northern Pacific route, in relation to which he conceived it to be the duty of the United Kingdom Government not to agree with Japan without considering the interests of Canada, just as he considered those of India and Australia. The point was not whether the line connected with the territory of another Member, in which case that Member would automatically be involved in the negotiations, but whether it seriously affected the interests of another Member. Canada, for example, had been insistent that the Commonwealth countries concerned should not grant facilities to foreign countries other than the United States for flying across the Atlantic without agreement between the Empire countries who were parties to the Atlantic agreement, in order that the principle of giving no concession without consultation might be preserved in the Commonwealth partnership which was organising this route. It was, in his view, necessary that they should know plainly who was going to engage in this partnership enterprise, and that on this question depended an important issue of principle.

Mr. DUNNING (Canada) read extracts from a memorandum<sup>1</sup> prepared by the Canadian Department of External Affairs. It was the practice of his Government to stipulate for reciprocal rights for services to the country which was requiring concessions, but it appeared from the Resolution as originally drafted that this principle was now to be extended to take account of the interest of other Members of the Commonwealth. Canada was not convinced that this was feasible, and felt that it would create friction, not only between Members of the Commonwealth and foreign States, but between Members themselves. Canada would prefer not to lay down principles, but to consider the appropriate action in each individual case.

MR. NASH (New Zealand) said that the New Zealand Delegation regarded the original Resolution as helpful although he would be prepared to amend it in order to assist Canada's relations with the United States. He wished to make it clear that in the negotiations for the trans-Pacific route, New Zealand had always insisted upon her desire to go on from Honolulu to San Francisco for the purpose of getting to Vancouver. He suggested that the first paragraph might be amended in a manner that would not arouse American susceptibilities. . . .

238.

*Projet de résolution du Comité sur les communications aériennes civiles,  
la Conférence impériale, 1937*

*Draft Resolution of Committee on Civil Air Communications,  
Imperial Conference, 1937*

SECRET

[London, June n.d., 1937]

E.(C.A.) (37).3.

REVISED DRAFT OF RESOLUTION NO. 1  
PROPOSED BY THE CANADIAN DELEGATION

1. The Conference notes with appreciation the important developments in civil air activities in different parts of the British Commonwealth of Nations since the time of the last Conference, such as,

The Empire Air Mail Scheme,

The preparations for the North Atlantic Air Service project,

The preparations for a trans-Canada air service

(Such other developments to be listed here as the Committee may consider appropriate).

2. Appreciating the many benefits, direct and indirect, immediate and potential, accruing from the development of substantial and extensive civil aviation enterprises, the Conference recognises the vigorous policy being pursued by each Member of the British Commonwealth in the expansion of the Air Services within its own territories, over which each Member exercises complete control. The Conference emphasises also the importance of continued

<sup>1</sup> Le doc. 235 peut-être/doc. 235 possibly.

co-operation in the development of air services connecting the territories of the various Members, and recognises that most effective method of co-operation can best be settled by the Governments concerned in each particular case as it arises, with due recognition of the special interests of each Member in services in adjacent areas.

3. The Conference recognises also the value of civil air communications as between each of the Members of the British Commonwealth and other countries. Should the Government of any Member receive an application for flying rights for the purposes of a service involving connections, not only with a foreign country, but also with the territories of another Member or Members, it is understood that such other Member or Members will be informed of the application, and that the Governments thus involved will discuss, in the light of the circumstances of the actual proposal, what special arrangements may appear advisable as regards the negotiations which may be necessary between such Governments respectively and the foreign Government concerned. Believing that good international relations, in economic as well as in political affairs, are a major interest of each part of the British Commonwealth, the Conference recommends that the Governments should endeavour to promote to the greatest possible extent the purposes of the International Air Convention of 1919, and other proceedings designed to establish the principle of freedom of transit in the air.

239.

*Projet de résolution du Comité sur les communications aériennes civiles,  
la Conférence impériale, 1937*

*Draft Resolution of Committee on Civil Air Communications,  
Imperial Conference, 1937*

SECRET

London, June 5, 1937

E.(C.A.)(37)4.

SECOND REVISED DRAFT OF RESOLUTION NO. 1  
BY THE DRAFTING SUB-COMMITTEE

*(Circulated for consideration at the 4th Meeting of the Committee)*

The following Resolution is submitted by the Civil Air Communications Committee to the Conference for adoption:

(i) Appreciating the many benefits, direct and indirect, immediate and potential, to be secured by nations possessing substantial and extensive civil aviation enterprises the Conference is unanimous in its approval of the Members of the British Commonwealth of Nations pursuing a vigorous policy in regard to their air services, embracing expansion within each of their territories and interconnection between Members.

(ii) In order to promote arrangements whereby air lines of the Members of the British Commonwealth of Nations will link them

together, the Conference affirms the willingness of the Members to co-operate with each other to the greatest possible extent.

(iii) In emphasising the importance of continued co-operation in the development of air services connecting the territories of the various Members, the Conference recognises that the most effective method of co-operation and efficient organization can best be settled by the Governments concerned in each particular case as it arises, with due recognition of the special interests of each Member in services in adjacent areas.

(iv) It is agreed that, whenever an application received by one Member for facilities for foreign air services is likely to affect another Member, there should be consultation between the respective Governments concerned before facilities are granted; and if an agreement has been reached between the Commonwealth Governments concerned as to the Commonwealth service to be required in return for such facilities, the Commonwealth Government to whom the foreign application has been made will use its best endeavours to secure reciprocal facilities for the Commonwealth service agreed upon.

(v) The Conference notes with approval the practice followed by Nations of the Commonwealth whereby, when operational rights are granted to a foreign company, in order that the possibility of Commonwealth lines eventually participating in operations over the route may not be prejudiced, the concession expressly provides against monopoly user by the foreign company; and suggests for consideration the desirability of including in such concessions a general safeguard of the right of the Government, at its option, to take over the ground organization within its territory on suitable terms.

NOTE: The representatives of the Canadian Delegation on the Drafting Subcommittee reserved their agreement with the foregoing draft of the Resolution.

240.

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

London, June 10, 1937

IMPERIAL CONFERENCE, 1937

*Re Civil Air Communications Resolution*

A

In view of the Prime Minister's statement at the Principal Delegates' meeting on June 9th, I assume we can accept no formula which implies either conception—

(1) that "reciprocity" can mean reciprocity between Members of the B.C. combined and acting in a unitary sense, on the one hand, and the foreign country, on the other; or

<sup>1</sup> De la délégation du Canada, la Conférence impériale.  
By Canadian Delegation, Imperial Conference.



(2) that one Member, in dealing with a foreign country, should be bound or expected to bargain diplomatically on behalf of other Members and stipulate for rights in their favour.

Generally, I would like to point out also that what the Air Ministry are here "trying on" involves the following:

(a) A new and extraordinary extension of "Imperial Preference" theory and practice.

(As regards customs tariffs—i.e., affecting goods trade—we get away with the preference theory, though with difficulty, largely because of ancient custom and history. In the shipping trade we have declined to endorse Australia's and New Zealand's recent extension of the theory. The flying trade is a new thing, and we may expect more vigorous foreign reactions against the proposed new challenge).

(b) The beneficiary would be Imperial Airways and Air Ministry "prestige"; and it is extremely difficult to discover Canadian benefits commensurate with the prejudices and difficulties we should be courting in other aspects of our diplomacy and constitutional relations.

(c) The Air Ministry, in effect, assert that they know better than the Canadian Government how Canadian relations with the United States should be conducted.

I say it is a "try on" by the Air Ministry. Neither the Prime Minister nor the Foreign Secretary of the United Kingdom has supported the Air Ministry or even attempted to answer the considerations of high policy which the Prime Minister of Canada has adduced—an extraordinary situation in itself. They have left it all to the Air Minister, and as all this stuff arises from a conference in Australia last year between Air Ministry officials and Australians and New Zealanders, in which Canada was not represented, and as it suits their boon perfectly, the Air Ministry and Lord Swinton are bound to put up the fight they are putting up. Lord Swinton's remarks addressed to Canada *in terrorem* need not be taken seriously, however impertinent and insolent.

## B

There is no real reconciliation between the Air Ministry's position, as disclosed in the Air Ministry papers circulated before the Conference, as shown clearly throughout the Committee discussions, and as stated by Lord Swinton in the Principal Delegates meeting yesterday. The best course would be to stick to our reservation as recorded in Committee. The practical effect of this would be—

(a) that only paragraphs (i), (ii) and (iii) would be published—and this would show our willingness to co-operate regarding inter-Commonwealth flying connections;

(b) that the stuff implying economic unity, weapons against foreign countries, etc., would be buried in unpublished papers—while our

reservation would show a perfectly reasonable willingness to consult about all proper cases affecting foreign countries when they arise;

(c) that the Government would, I submit, be in an impregnable position in Canada if anyone elsewhere should attempt any hanky panky publicity and propaganda; while

(d) if the Air Ministry and Australia and New Zealand, when an actual future case arises in the Pacific, are able to make a convincing case for their view nothing in our present position prevents them from doing it.

I believe, that neither Australia nor New Zealand really expect[ed] anything more at yesterday's Principal Delegates meeting—they are satisfied to get paragraphs (i), (ii) and (iii). Lord Swinton and the Air Ministry keep on trying for paragraphs (iv) and (v); but if we stick to the position already taken, the U.K. Government as such will not worry and there will be no hard feelings.

### C

In conclusion, I submit, it is up to those who yesterday requested the reopening of the Committee proceedings to propose new drafts and it is up to them to meet the Prime Minister's points of principle which stand recorded and unanswered. It would be very poor tactics for the Canadian Delegation to go on with fresh drafting. Those who reopened the matter might, of course, produce a draft combining words from our reservation in Committee with words from our former revised draft Resolution (Paper E (C.A.) (37) 3). I suppose such a production would be difficult to refuse; but it would be undesirable, since it is better to aim at a result which avoids any publicity regarding our dealings with foreign States in these matters. Even our former draft would give the appearance of combination.

### 241.

*Le procès-verbal, le Comité sur les communications aériennes civiles, la Conférence impériale, 1937*

*Minutes of Proceedings, Committee on Civil Air Communications, Imperial Conference, 1937*

Fifth Meeting

London, June 10, 1937

SECRET

THE CHAIRMAN said that this additional meeting of the Committee had been called because the Principal Delegates had referred the Report (E.(37) 34) back to the Committee in the hope that agreement might be obtained on the matters now outstanding.

He explained that at the Principal Delegates meeting on 9th June, the South African Delegation withdrew their reservation to paragraph (iv) of Resolution A. Furthermore, the Canadian Delegation agreed to paragraph

(iii) of that Resolution, subject to an amendment substituting "recognise" for "provide" in line 7, and omitting the words "a real measure of" in line 8.

As a result of the views expressed by the South African Delegation at the Principal Delegates Meeting, Resolution B had been dropped.

The position, therefore, was that there was unanimity on Resolution A, paragraphs (i), (ii), and (iii), a Canadian reservation in respect of paragraphs (iv) and (v), and Resolution B was deleted.

After a short discussion THE HON. T. A. CRERAR (Canada) said that the Canadian Delegation had discussed paragraphs (iv) and (v) with their Prime Minister again, and were prepared to accept them subject to the following amendments:

*Paragraph (iv), line 7.* Delete the word "Commonwealth" in the second place so that the wording should read "between the Commonwealth Governments concerned as to the service to be required" etc.

*Line 11;* After "endeavours to secure" amend to read "the reciprocal facilities agreed upon".

*Paragraph (v), lines 5 and 6.* Delete "by a Commonwealth air line as and when such an air line desires to operate a service" and substitute "as and when desired".

*The Committee agreed to these amendments.*

As a result of this agreement the Canadian reservation as to paragraphs (iv) and (v) was struck out.

DR. BA MAW (Burma) desired it recorded in the Minutes that, in the absence of instructions from the Government of Burma, he was in the position of an observer throughout the proceedings of the Committee. It was decided that the record in the Minutes of the Committee in this respect would be sufficient without a notation in the Report.

THE CHAIRMAN thanked the Members of the Committee for their attendance at short notice, and for the spirit of co-operation in which agreement had now been secured.

242.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 176

Ottawa, June 25, 1937

Sir,

With reference to your despatch of the 9th of June, 1937, No. 366,<sup>1</sup> I have the honour to advise you for transmission to the High Commissioner

<sup>1</sup> Non reproduite/not printed.

for the Irish Free State that, while the Canadian Company known as the "Trans-Canada Air Lines" has been duly organized, it is operating for the moment with a provisional board of directors. It is anticipated, however, that the permanent board will be appointed towards the end of July, and as soon as this has been done, the Canadian Government will be prepared to have the board discuss with Imperial Airways and the Irish company, the general question of the formation and organization of the joint operating company for Trans-Canada operations.

I have etc.

SCOTT MACDONALD for the . . .

243.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 237

London, June 28, 1937

Sir,

I have the honour to refer to my circular despatch C No. 70 of the 13th April, 1937,<sup>1</sup> and to transmit, for the information of His Majesty's Government in Canada, copies of a further White Paper which was laid before Parliament on the 25th May, 1937, containing a Note by the Secretary of State for Air and the Postmaster-General on the principal provisions of the Agreement entered into between His Majesty's Government in the United Kingdom and Imperial Airways Limited, for the operation and development of the Empire Air Mail Scheme between England and South Africa, and England and Australia, via India. A copy of the Agreement dated the 9th June, 1937, is also enclosed.

2. With reference to Section I (ii) of the enclosed White Paper, arrangements have now been made for the exchange of all first-class mail without surcharge between England and South Africa, and intervening Empire countries on the route, to be inaugurated on the 29th June, 1937 and it is expected that the full scheme will come into operation at the beginning of 1938. His Majesty's Government in the United Kingdom would be glad to learn whether His Majesty's Government in Canada desire to participate in the Empire Air Mail Scheme as outlined in the White Paper—that is to say, in the arrangements whereby all first-class mail matter exchanged between countries participating in the Scheme will be carried by air without surcharge along the routes from England to South Africa and England to Australia via India, in so far as those routes are appropriate. If so, it would be appreciated if the Canadian Government would indicate whether they wish to participate as from the date of introduction of the full scheme, or as from some earlier

<sup>1</sup> Non reproduite/not printed.

date. In this connection, a Memorandum<sup>1</sup> prepared for the information of participating Governments, indicating the steps to be taken for the progressive introduction of the Empire Air Mail Services, is enclosed.

3. In the event of the Canadian Government desiring to participate in the Scheme, the United Kingdom Government would suggest that in consideration of their participation in the Trans-Atlantic Air Service on the basis agreed in the discussions at Ottawa in November and December, 1935, no further payment of subsidy in respect of the Empire Air Mail Scheme should be required, but that a postal contribution should be made by His Majesty's Government in Canada, to His Majesty's Government in the United Kingdom at the rate of £5,000 a year, or, if at any time the carriage of mails between Canada and New Zealand should be included within the Scheme, of £6,500 a year. These amounts are based on the weight of correspondence from Canada which it is estimated would be carried, and, when the Scheme is in full operation, would cover the air conveyance by the England-South Africa and England-Australia services of all first-class mail (letters and postcards) originating in Canada and addressed to other countries participating in the Scheme (except New Zealand in the case of the former amount) and all Canadian surcharged air mail for non-participating countries. Should the Canadian Government desire to participate before the Scheme is in full operation the payment during the interim period would be on a pro rata basis.

4. In the event of the Canadian Government desiring to participate in the Empire Air Mail Scheme, detailed proposals as to postal arrangements in connection with the Scheme will be communicated to them. His Majesty's Government in the United Kingdom will also be happy to furnish any further explanation which may be desired on any question arising as to the arrangements for the inception and operation of the Scheme.

I have etc.

MALCOLM MACDONALD

244.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 269

Ottawa, September 24, 1937

I have the honour to refer to your despatch No. 237 of June 28, 1937, relative to the Agreement entered into between the United Kingdom Government and Imperial Airways, Limited, for the operation and development of the Empire Air Mail Scheme between England and South Africa, and England and Australia via India.

2. The Canadian Government have decided to accept the suggestion regarding Canadian participation in the Scheme, it being understood that a postal contribution will be made by the Canadian Government to the United

<sup>1</sup> Non reproduct/not printed.

Kingdom Government, according to the services provided, at a rate of up to £5,000 a year, or, if at any time the carriage of mails between Canada and New Zealand should be included within the Scheme, up to £6,500 a year.

3. It is understood that the Canadian and United Kingdom Postal Administrations will arrange between them the times for bringing the Scheme into operation so far as Canada is concerned, as well as other necessary technical details.

I have etc.

O. D. SKELTON for the . . .

245.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 425

Ottawa, November 17, 1937

1. Your despatch No. A. 88, October 29,<sup>1</sup> enclosing Dominions Office letter of October 27<sup>1</sup> respecting competence of *ad hoc* Committee on Transatlantic Air Services to deal with questions arising from French proposals respecting North Atlantic air routes.

2. The argument in that letter based on certain selected words of Part V, paragraph 21 (not 19) of record of conclusions of Ottawa Conference, dated December 2, 1935, fails to take into account the governing words of the paragraph and its relation to other parts of the conclusions which must be read as a whole. The decisions or proposals to be referred to the permanent Committee for approval are to be certain classes of decisions or proposals (to be defined hereafter) made from time to time by the Directors of the Joint Company (provided for in Part II, paragraph 4, of the conclusions) and not decisions or proposals coming from the Governments. The Committee members before approving would naturally consult their Governments respectively. Such matters to be so referred by the Directors are to be those "relating to the services", that is to say, the particular air services to be carried out by the Joint Company and Pan American Airways as authorised. They would be matters arising in the course of the higher direction of the Company's affairs. The further words quoted in the letter under reference are a limitation upon what the Directors are to be required to refer to the Committee. For example, it would have served no good purpose to require them to refer ordinary administrative, operational or technical decisions or proposals.

3. The underlying purpose is plainly to safeguard the Governments in view partly of the non-official character of the Directors and partly of the predominance of Imperial Airways in the control of the Joint Company.

<sup>1</sup> Non reproduites/not printed.

Equally plainly, it would have been incongr[u]ous to contemplate "decisions or proposals" from the Governments being referred to a Committee "for approval".

4. Considering the specific object of the Ottawa meetings of December, 1935, and the composition of the delegations, it is not to be supposed that they were concerning themselves with the creation of an important new central committee to deal with questions of air policy generally that might confront the Governments respectively in the international or intercommonwealth field. Nor do the minutes of the various meetings give any support to such an hypothesis.

5. It is considered that air policy questions requiring consultation can best be dealt with as hitherto by communications between Governments. Proposed permanent Committee is properly to be regarded as a convenient adjunct in connection with Joint Company Affairs as indicated in paragraph 5 of my despatch No. 249 of September 15<sup>1</sup> and should be confined to functions indicated therein and herein.

6. We are confident the foregoing accurately outlines what was actually contemplated in December, 1935, and represents the only coherent interpretation of the record of conclusions. It would be unwise to proceed on a course which would stretch the conclusions beyond their fair meaning.

7. Present *ad hoc* Committee, having been set up simply to facilitate experimental stage of proposed flying services and establishment of Joint Company, has accordingly an even narrower scope.

246.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM

London, April 16, 1938

SECRET. Following is summary of proposals received from Dominions Office for amendment of Inter-Company Agreement Transatlantic air services, Begins:

1. The effect of present Agreement has been to preclude Imperial Airways from operating additional services to Canada without allowing a corresponding increase in services run by Pan American Airways to this country via New York. This limitation of Imperial Airways services was only accepted as reasonable in view of restrictions accepted by Pan American Airways.

2. The effect of amendment proposals by Pan American appears to release Pan American Airways from restrictions contained in old Agreement against their undertaking that additional services across Atlantic or against their taking an interest in any line to Europe other than those which

<sup>1</sup> Non reproduite/not printed.

they run under their Agreement with Imperial Airways; but on the other hand no express provision is made to give Imperial Airways or a company in which Imperial Airways holds a controlling interest, a reciprocal freedom from the limitation of its service across the Atlantic.

3. In view of the circumstances explained in previous memorandum,<sup>1</sup> seems no alternative but to grant this release to Pan American. But while they are anxious to maintain as full a measure of co-operation with Pan American Airways as possible, United Kingdom Government feel that it is important that partner Governments and Imperial Airways should not put themselves in a position where their hands are tied while Pan American's are free. They would accordingly propose subject to views of their partner Governments, that present Agreement should be cancelled and that Imperial Airways should be authorized to enter into a new Agreement allowing freedom on both sides as indicated in preceding paragraphs but otherwise continuing purely commercial provisions for grant of reciprocal operating facilities and assistance between the two Companies but without reference to forfeiture of landing rights, such as is contained in the Agreement under review. Ends.

The United Kingdom Government would appreciate your comments on these proposals.

MASSEY

247.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 112

London, May 21, 1938

SECRET. Our unnumbered message April 16th. Following is summary of memorandum received from Dominions Office relating to further developments which have occurred in connection with negotiations between Imperial Airways and Pan American Airways regarding Transatlantic air service, Begins:

Statement of views of His Majesty's Government in the United Kingdom on proposed amendments.

1. Conversations in New York between Mr. Woods Humphery of Imperial Airways and Mr. Trippe of Pan American Airways have resulted in proposals to amend Agreement concluded in 1936 between the two Companies.

2. The effect of this Agreement had been to preclude Imperial Airways from operating to Canada at a frequency of more than two round trips a week without allowing a corresponding increase in services run by Pan American Airways to this country via New York. This limitation of Imperial Airways services was accepted as reasonable because Pan American Airways

<sup>1</sup> Non reproduit/not printed.



themselves in return accepted restrictions against undertaking additional services across Atlantic or against taking an interest in any lines to Europe other than those which are covered by Agreement.

3. The reason given for amendments now proposed is that it has transpired as result of a decision recently given in American Courts that existing Inter-Company Agreement infringes Anti-Trust laws of the United States. The effect of proposed amendments appear, however, to be to release Pan American Airways from restriction against their undertaking additional services across Atlantic or against their taking an interest in any lines to Europe other than those which they run under Agreement with Imperial Airways; but on the other hand no express provision is made to give Imperial Airways reciprocal freedom from the limitation of its services across the Atlantic.

4. It is necessary to consider the effect of the proposed amendment of the Commercial Agreement on the interests of the Joint Operating Company since it is provided in the Agreement that Imperial Airways may assign their rights and obligations thereunder to "a Company to be formed under a concordat between the Governments of the United Kingdom, the Irish Free State and the Dominion of Canada".

5. While not affecting the Inter-Governmental Agreement or enabling Americans to increase number of services over northern (direct) route the proposed amendments in the Inter-Company Agreement would enable them to run additional services over southern route (via Azores) so long as additional services did not touch British territory. The object of original arrangement which was to prevent Pan American Airways from operating across Atlantic with greater frequency than Imperial Airways or Joint Operating Company would thus be defeated.

6. There are no means of preventing alteration of the Commercial Agreement if Americans insist, but in the circumstances it is considered reasonable that we for our part should reserve full liberty for British company to fly to Canada as often as desired.

It is felt that if the provisions of the Agreement regulating the frequency of services were altered in the manner proposed by Pan-American Airways it would be unsafe to allow the rest of the Agreement including the so-called "square deal" clause to stand. Otherwise if additional services were run to Canada, Pan American Airways might argue that they were not getting a "square deal" within the meaning of the Agreement and their contention might well be upheld by the American authorities.

7. It would appear therefore that if the American Company insists upon the proposed amendment to the Agreement the best course would be for Imperial Airways to ask for it to be cancelled and replaced by a new Agreement which would not tie their hands if any additional American services to Europe (run by Pan American Airways or by another Company) were operated via Azores.

8. The view of His Majesty's Government in the United Kingdom therefore is that existing Agreement should not be revised on lines proposed by Pan American Airways but should be cancelled and replaced by new one allowing freedom on both sides as indicated above. Purely commercial provisions for granting of reciprocal operating facilities and assistance between the two Companies should be included in new Agreement and reference to forfeiture of landing rights such as is contained in existing Agreement should be omitted.

9. Mr. Woods Humphery has expressed himself as in agreement with general lines set out in foregoing but as he considers it is important to preserve ties between the two Companies whilst a new Agreement is being negotiated he is inclined instead of denouncing Agreement forthwith to suggest elimination of whole of Clause 6—the "square deal"—and inclusion of another provision definitely terminating Agreement at December 31st, 1938. This would appear to be acceptable as a solution of the difficulty. It would give Imperial Airways time to negotiate a new long term Agreement and it would also have advantage of preserving Postal Agreement which Pan American Airways might otherwise conceivably denounce.

10. The United Kingdom Government will be glad to learn whether above views commend themselves to other partner Governments. In the meantime as there is no likelihood of it being possible to develop a service of more than two flights in each direction a week, and as Pan American Airways have asked for some immediate action to relieve them of risk of prosecution in the United States Courts, Air Ministry have as a purely temporary measure informed Mr. Woods Humphery that they agree to proposal for continuance of existing Agreement on a temporary basis up to December 31st next subject to amendment desired by Pan American Airways but subject also to elimination of whole of present Clause 6. The effect of this in practice will be to leave situation substantially the same as it is at present up to end of the year. Ends.

Referring to paragraph 10 in above memorandum United Kingdom Government would appreciate receiving in due course views of Canadian Government.

MASSEY

248.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 118

Ottawa, June 1, 1938

SECRET. Your telegram No. 112 of May 21. Canadian Government concur in the proposal that the present Agreement between Imperial Airways and Pan American Airways be terminated as at December 31, 1938, and that in the meantime a new agreement between these companies be negotiated to replace it.

249.

*Mé morandum**Memorandum*

July 5, 1938

## TRANSATLANTIC AIR SERVICES

NOTE REGARDING DRAFT MEMORANDUM AND ARTICLES OF ASSOCIATION  
OF THE PROPOSED JOINT OPERATING COMPANY

1. A striking feature of this draft is the very wide sweep of the powers it gives to the proposed Joint Company. These include not only the original purpose of air transport services between North America and Europe but also other forms of transport and a great variety of businesses of a manufacturing, merchandising and banking nature. They appear to exceed greatly the scope of the Canadian parent company, Trans-Canada Air Lines, as set out in the latter's Act of Incorporation, Chapter 43 of the Statutes of Canada, 1937. Whether they exceed the powers of the Irish parent company is not known. Probably the British parent company, Imperial Airways Limited, has powers to this great extent. The mere inclusion of powers in a corporate charter does not, of course, mean that the powers will be exercised. It is very common company practice to give a new company very wide powers as a matter of future convenience, particularly where public issues are contemplated. Presumably in this case the solicitors, under instructions from Imperial Airways Limited, followed this practice. It can be said that whether any of the powers is ever to be exercised can always be controlled by the Directors and shareholders. On the other hand it might be said that since no public issue is contemplated in this case; since Imperial Airways will control a majority of stock, will have a dominating position in the Board of Directors and will be the commercial, technical and operating manager of the new Company; and since the new Company will be a governmental venture so far as Canada is concerned, there might be a certain danger in expressing the powers in such sweeping terms.

2. It may be noted that the share capital is put at £2,000,000 with £1,000,000 to be subscribed at the outset by the three parent companies. (British company, 51%; Irish company, 24½%; Canadian company, 24½%.) Power is also taken to increase the capital and to issue shares with preferences or priorities over any other shares. Questions might be asked as to the reasons for these features.

3. Several special features may be noted:

(a) The provision that the Managing Director of the proposed Joint Company shall be appointed by Imperial Airways Limited;

(b) The provision that Imperial Airways Limited shall be appointed commercial, technical and operating managers of the proposed Joint Company, and that an agreement shall be signed between these two companies accordingly.

(c) The provision that the Board of Directors shall "exercise jurisdiction over questions of major policy, including the settlement of passenger and freight rates and ancillary matters".

(d) It is provided that the Board of Directors will be not more than nine in number—three to be appointed by each of the three parent companies. Each parent company will also make appointments to fill vacancies occurring in its directorships; but such appointments to vacancies have to be unanimously approved by the remainder of the Board. (It is understood that in fact all the original Directors will be acceptable to the three parent companies.)

(e) The provision that any offering or sale of shares requires a unanimous resolution of the Directors.

These provisions appear to be in accordance with the inter-governmental Agreement of December, 1935, between the United Kingdom, Ireland, Newfoundland and Canada.

4. It may be noted that under the draft three Directors shall constitute a quorum; meetings shall be held in London; and the Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit.

5. There is a Secrecy Clause in the draft Articles of Association, reading as follows:

129. No Member or general or other meeting of Members shall be entitled to require discovery of or any information respecting any detail of the Company's trading, or any matter which is or may be in the nature of a trade secret, mystery of trade or secret process which may relate to the conduct of the business of the Company, and which in the opinion of the Directors it will be inexpedient in the interests of the Company to communicate to the public.

This is an appropriate provision for companies whose shares are in the hands of the public generally; but is it, in its present form at all events, an appropriate provision for a company which is, in effect, an inter-governmental venture and whose Canadian shareholder is, in effect, the Canadian Government?

250.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux affaires extérieures*

*High Commissioner in Great Britain to Secretary of State  
for External Affairs*

TELEGRAM 155

London, July 13, 1938

CONFIDENTIAL. Your telegram No. 143, June 27th,<sup>1</sup> draft Memorandum and Articles of Association of proposed Transatlantic Company. Following is reply received from United Kingdom Authorities, Begins:

<sup>1</sup> Non reproduit/not printed.

1. We had certainly contemplated arrangements should be made to submit proposed Memorandum and Articles of Association of Joint Company, when agreed between the three participating Companies, for consideration of Governments; we had in mind that when agreement had been reached between the three Companies, matter might conveniently be taken up through *ad hoc* intergovernmental Committee, and we hope agreement between Companies may soon be reached so as to enable this next step to be taken at an early date.

2. We understand that present draft of Memorandum and Articles of Association refer to drafting of an Agreement with Imperial Airways, Limited, to empower that Company to act as operating manager, etc. (see paragraph 4 (4) of Ottawa Agreement of December 2nd, 1935). Such an agreement would, we assume, be made between Joint Company, when set up, and Imperial Airways, Limited, and there is no question therefore of any such agreement having already been signed. We have, however, taken steps to ascertain whether any progress has yet been made with drafting of agreement, and have been informed by Imperial Airways, Limited, that no such agreement has been drafted, nor, in the opinion of Company, can be drafted until terms under which service is to be run are known. Ends.

Reply of Irish representative will be forwarded when received.

251.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 134

London, June 5, 1939

Sir,

With reference to your telegram No. 229 of the 2nd November, 1938,<sup>1</sup> and previous correspondence concerning the incorporation of the Joint Operating Company for the transatlantic air service, I have the honour to inform you that the Dominions Office have requested me to bring to the attention of the appropriate authorities in Canada the following legal observations.

The records of the final meeting of the Ottawa Air Conference on the 2nd of December, 1935, show that it was agreed that the Joint Operating Company for the transatlantic air service "should be registered in each country participating in the shareholding of the company if there is no legal barrier to the adoption of that course and provided that no registration fees or taxes are payable by the company in addition to those payable in the United Kingdom". The authorities here have had under examination the draft memorandum and Articles of Association of the Company, and in the course of this the Treasury Solicitor has made the following comments upon the question of registration.

<sup>1</sup> Non reproduit/not printed.

The Treasury Solicitor draws attention to the fact that a distinction must be made between registration and incorporation. He explains that the Company could be incorporated only once and that its "nationality" will depend on that incorporation. If it is incorporated in this country under the Companies Act, 1929, it will be an English company. If anyone should purport to incorporate the Company again "elsewhere", the result will be a separate legal entity, having the nationality it acquired as a result of such incorporation. Under English law, however, a Company incorporated outside Great Britain which establishes a place of business within Great Britain is required to give particulars of itself for registration under the Act. This means that the Company is on the register in the sense of a census, but this, of course, does not affect it[s] incorporation. Whether, under the law of Canada, it is possible or necessary for an English company to have its English incorporation so noted, the Treasury Solicitor is not aware.

The object which the parties to the Ottawa Agreement had in view was, no doubt, that the registration of the Joint Operating Company in the participating countries should give the Company more or less of an equal status in each country. It appears, however, from the advice which has been received that owing to the legal position in relation to incorporation this result will not be wholly achieved in that the Company, being incorporated in this country, will be regarded as an "English" company and that this position will not be affected by its registration in the other countries concerned.

I have etc.

L. B. PEARSON for the . . .

PARTIE 5/PART 5

COMMERCE

TRADE

252.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre d'Australie*

*Secretary of State for External Affairs  
to Australian Prime Minister*

TELEGRAM 3

Ottawa, February 5, 1936

IMMEDIATE. 1. Reference your telegrams of the 11th and 24th December, the Canadian Government regret that the negotiation of a Trade Agreement with the United States of America has caused the Government of Australia such evident concern and desire to clear up the misunderstandings which they believe underlie your Government's apprehensions that the Agreement will injuriously affect Canadian-Australian trade.

2. In carrying forward to a conclusion the negotiations with the United States that had been initiated by our predecessors in office, we felt that we could not neglect the opportunity presented by the trade agreement policy of the administration in Washington which is sincerely desirous of reversing, by means of bi-lateral trade agreements, the high tariff policy of earlier American Governments. This change in the international economic policy of the United States is, we believe, one of the most important and hopeful elements in the world trade situation and one that should be strengthened and consolidated by the co-operation of other Governments anxious to secure the lowering of tariffs and the freeing of international trade from the restrictions that have been slowly strangling it. Our object in concluding the agreement was not only to regain access to the United States market for Canadian products which had been excluded from it by prohibitive tariffs, but also to take a long step toward lowering the barriers impeding trade between neighbouring countries.

3. We do not consider that Trade Agreement, which, as a result of our insistence, explicitly reserves from its operation all preferences which are now or may be hereafter in force between Canada and the other parts of the Empire, conflicts in any way with Article III of the Canadian-Australian Trade Agreement of 1931, which provides that Canada will maintain on Australian goods enumerated in Schedule A the actual difference between rates there set forth and those of British Preferential, Intermediate and General Tariffs respectively.

4. These three Tariff schedules have been in force since 1907 and trade discussions with foreign countries have frequently involved the transfer of countries from our General to our Intermediate Tariff and, conversely, from Intermediate to General. No Empire country has ever taken the position that Canada was debarred from extending the benefits of its Intermediate Tariff to foreign countries which had been subject to General Tariff, without its prior concurrence. As a matter of fact, since conclusion of Trade Agreement with Australia, Canada has extended Intermediate Tariff to other foreign countries formerly under General Tariff, including Germany and Austria, without comment from any Empire Government and had removed France from the Intermediate Tariff to the General and then restored to that country the benefits of its Intermediate Tariff in part.

5. As you are aware, the United States Government made it clear, shortly after the entry into force in 1934 of their Trade Agreements Act, that they were not prepared to negotiate with any country except on the basis of receiving most-favoured-foreign-nation treatment which, in the case of Canada, included the benefits of the Intermediate Tariff already accorded to most foreign countries. Their insistence on tariff treatment at least as favourable as that granted Japan and Germany did not appear to the Canadian Government to be an unreasonable condition of an agreement intended to end the long period of tariff reprisals and retaliation in which American goods were almost alone in liability to the duties of our general or maximum tariff.

6. Opinion here is that Trade Agreement with the United States should not injuriously affect Australian exports to Canada. Indeed, we are hopeful that increased buying power of our producers, resulting from wider export markets will enable them to expand their purchases of domestic and Empire produce. Our right to maintain, in your favour, four cent margin on raisins and dried currants was carefully preserved although every effort was made by United States negotiators to bind rate of three cents after March 31st. Canada could undoubtedly have obtained valuable concessions from United States in return if it had not been for Australian interest in this item. In the case of canned fruits, the other product to which you refer, Intermediate tariff which is now applicable to fruits imported from the United States is four cents per pound. Consequently, Australian canned fruits will still enjoy minimum margin of preference of three cents per pound, which should be sufficient to maintain present volume of Australian sales in Canadian market.

7. While the Canadian Government can not admit that any action on their part has prejudiced in any way the successful working of the Canadian-Australian Trade Agreement, and sincerely believe that the future will prove that the fears of your Government regarding Australian exports to Canada are unfounded, nevertheless, they are prepared to recommend to Parliament in the forthcoming budget resolutions—as an earnest of their desire to strengthen commercial relations between our countries—that the four cent margin on raisins be continued for the life of the Trade Agreement and that Australian canned pineapples be admitted free of duty.

8. As regards other canned fruits we believe that three cent margin of preference against the Intermediate tariff will effectively safeguard dominant Australian position in our import market. If, however, there should be evidence of any substantial displacement of Australian canned fruit we should be ready to consider a revision of these rates.

9. We desire to recall to the consideration of your Government our earlier requests to which no definitive reply has yet been received regarding the readjustment of the timber duties and the tariff treatment of Canadian onions.

10. We understand that a member of your Government is shortly proceeding to the United Kingdom and hope that he will be able to return to Australia via Ottawa where we should be very glad to talk over with him any outstanding questions affecting Canadian-Australian trade.

253.

*Le premier ministre d'Australie au Premier ministre  
Australian Prime Minister to Prime Minister*

TELEGRAM

Canberra, February 29, 1936

Your telegram of the 5th February. His Majesty's Government in the Commonwealth of Australia appreciate extension by His Majesty's Govern-



ment in Canada of 4 cents preference raisins for life of Trade Agreement and making provision for free entry of canned pineapples. We are very disappointed at rejection of our request covering other canned fruits which my Government feel could be met without detriment to Canadian industries.

Actually our shipments of canned fruits have declined since Agreement concluded and heavy drop has been experienced in other items notably butter, meat, gelatine and glue. In these circumstances, my Government feels compelled to reiterate our request for reduction to a half cent per pound on canned fruits. We note you do not propose to extend 4 cents preference to currants. In view of the present position, the Commonwealth Government does not recommend pressing this item provided that you are prepared to reconsider favourably our request in the event of a change in our relative position in Canadian import trade. Your telegram is not clear as to our respective responsibilities under Article III. As we are anxious to reach mutual understanding regarding interpretation we would be glad to receive as soon as possible information asked for in the latter part of my telegram of the 12th December. The Commonwealth Government are deeply impressed by one-sided nature of existing Agreement and its respective benefits to our two countries. We regard a complete revision as being urgently needed but being animated by the desire that revision should be carried out in the friendliest atmosphere we are not proposing notice of termination. It is true that Minister of Commerce Page anticipates visiting Ottawa during the summer but he will not be attended by sufficient staff or have sufficient time to engage in detailed negotiations. We regret unable to send a delegation to Canada. We have in mind that Australian delegation visited Canada in 1931 to negotiate present arrangement and also during 1932 Imperial Conference. We suggest that Canadian delegation be sent to Canberra on this occasion and feel confident your Government will agree that our request is not unreasonable. I should emphasize the urgency and hope greatly the Canadian Government will be able to send immediately their delegation.

With reference to the questions raised in your telegram of the 27th February,<sup>1</sup> my Government desires to defer consideration of these items for general negotiation.

254.

*Le haut commissaire de Grande-Bretagne au Premier ministre  
British High Commissioner to Prime Minister*

Ottawa, April 3, 1936

My dear Prime Minister,

I reported to my Government the desire expressed by you and by Mr. Dunning at our recent interviews that there should be bilateral discussions this summer between the Canadian Government and the British Govern-

<sup>1</sup> Non reproduit/not printed.

ment with regard to trade relations and any revision that may be desirable of the Ottawa Agreement. I informed my Government that, in your view, procedure on those lines would be more satisfactory than a formal Imperial Economic Conference including all the Dominions, which cannot now take place until next year.

I am glad to say that I have now received a telegram from the Secretary of State for Dominion Affairs saying that the United Kingdom Government will be happy to welcome a delegation such as is suggested by the Canadian Government, and they would be glad to learn as soon as possible the date when the delegation will arrive. I am also instructed to say that, in order that the necessary preparatory work may be put in hand, the United Kingdom Government would be glad to have some general indication of the scope of any proposals which the Canadian Government may wish to make and if possible the details of any modifications of the Ottawa Agreement which they desire to suggest.

I should be greatly obliged, therefore, if you can give me any information on these points which I can pass on to my Government.

Yours sincerely,

F. L. C. FLOUD

255.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 103

Ottawa, May 16, 1936

CONFIDENTIAL

Sir,

As you will undoubtedly be aware, His Majesty's Government in the United Kingdom have watched with a certain restiveness the negotiation of the Trade Agreement between Canada and the United States of America, and the settlement of outstanding commercial differences with Japan. They appear to have expected that consideration of Canadian trade relations with the United Kingdom would take precedence over other and more pressing aspects of this country's economic relations with the rest of the world. You will remember, however, that a general election in the United Kingdom following close on the change of Government in Canada in October made direct commercial conversations with the United Kingdom authorities before the end of 1935 impossible, and since the beginning of the year Parliament has been continuously in session and our Cabinet has been preoccupied with the preparation of a heavy legislative programme.

In February the High Commissioner for the United Kingdom in Ottawa presented, under instructions from his Government, a lengthy list of tariff adjustments in favour of United Kingdom industries, which they hoped would be incorporated in the current budget. It was explained to Sir Francis Floud that it would not be possible for the Government to give to this list of requests the consideration it would require in time for the inclusion of any substantial part of it in this year's budget, and it was suggested that in any case tariff changes of the magnitude desired by the United Kingdom Government should be the subject of bilateral conversations between Governments and considered in connection with the revision of the Ottawa Agreement which the Canadian Government felt should shortly be undertaken.

When it was ascertained that it would not be feasible for the United Kingdom Government to send a representative delegation to Canada, the Canadian Government agreed that conversations should take place in London as soon as the ending of the Parliamentary session enables the Ministers to be present. It was understood that the conversations should cover the whole field of Canada-United Kingdom trade relations and that, in particular, they would examine the working out of the 1932 Agreement and consider how it might be amended in the light of four years' experience.

As matters stand now, it is expected that the Minister of Finance will arrive in London about the middle of July and will be joined there later by the Minister of Trade and Commerce. In advance of the arrival of the Ministers and of the opening of formal negotiations, arrangements have been made for informal preparatory conversations between technical experts of the two Governments, which will begin in London about the middle of June. When the personnel of the delegation and its sailing dates have been settled I will advise you by telegram.

I have etc.

O. D. SKELTON for the . . .

256.

*Le premier ministre d'Australie au Premier ministre*  
*Australian Prime Minister to Prime Minister*

TELEGRAM

Canberra, May 27, 1936

MOST SECRET. Following on my telegram of the 20th May,<sup>1</sup> with respect to decision of my Government to impose standstill arrangement upon imports of motor chassis from Canada as inevitable corollary to standstill upon imports from the United States of America, I now desire to inform your Government of my Government's position with respect to certain other Canadian imports. We have been compelled by urgent national considerations to

<sup>1</sup> Non reproduit/not printed.

redress our rapidly increasing adverse trade balance with the United States of America which threatened to throw our whole overseas trade position out of balance and to menace our overseas financial position. This step was forced upon us by specific refusal of the Government of the United States of America to enter into trade treaty negotiations with the Commonwealth. We have therefore, by action taken in Parliament on the 22nd May, initiated new policy of trade diversion by which we intend to draw more of our imports from countries which offer us sound prospects of reciprocal trade. The reasons for this new policy are:

1. Maintenance and further development of our export trade upon which our whole economic conditions rest;
2. Equal necessity of stimulating secondary industries and so further reduce persistent abnormal unemployment;
3. Essential reopening of immigration which is impossible with present rate of unemployment;
4. Consideration of defence, and
5. Problem of keeping our overseas balance at level which must be maintained for credit reasons.

Australia has in recent years achieved remarkable increase over a wide range of primary production. This makes increased export market imperative not only because of income we receive by exporting but also to keep our home market clear of surplus production and so provide for our primary producers reasonable home price level. If our situation had not been so extremely difficult we would certainly not have imposed standstill arrangement upon motor chassis imports from Canada with whom our trade relationship and indeed all our relationships have been unbrokenly so happy.

We have in new proposals offered substantial bounties upon local manufacture of motor chassis including engines, and also committed Government to grants of protection for certain accessories which are now imported as part of chassis. This together with other steps will, we believe, bring about immediate beginnings in establishment of necessary manufacturing plants within Australia. After most careful consideration we decided Australian market provides ample opportunity for the manufacture of complete motor cars upon economic basis. Apart altogether, therefore, from general diversion scheme our action with respect to chassis would have been taken. With respect to commodities covered by 81 tariff items upon which we are imposing full restrictions from all countries outside the Empire subject to admission under license from countries with whom we have favourable balance of trade as well as many others, we find ourselves in a position of special difficulty with respect to Canada.

My Government's attitude concerning Canada was expressed in the following terms by Gullett in introducing the necessary legislation, "The Government has decided at once to enter into conversations with the Canadian Government to bring about a friendly arrangement by which the supply of

imports of goods subjected to license control will not be diverted from their present source of supply to Canada. In view of our large adverse balance of trade with Canada if this occurred it would completely defeat the Government's object of diversion. If a friendly arrangement cannot be reached upon the matter with the Government of the Dominion of Canada, the Commonwealth Government will take the matter into further consideration".

My Government is quite prepared to agree to exports from Canada of these 81 items continuing upon level of exports for the year ending April 30th, 1936, as with motor cars, provided that you are able to give us undertaking that such level is not exceeded with respect to any of these items. This undertaking upon our behalf would necessarily be subject to the opening of trade treaty negotiations between Canada and the Commonwealth of Australia beginning at the earliest moment at which it is possible for you to send a delegation to Australia. You will recall that we have been for some time endeavouring to effect this negotiation and I think that my Government is justified in claiming that the forthcoming negotiations should take place in Australia. It is impracticable as suggested by you for Doctor Page to undertake this negotiation in the course of his return to the Commonwealth or even to open it and then hand over to MacGregor. Doctor Page has neither the time at his disposal nor staff necessary for work which would be involved. I therefore strongly urge upon you to cooperate with me in my desire to enter into thoroughly representative conversations as soon as this can be arranged.

I recognise the great difficulties there would be in imposing a standstill over 81 import items referred to above, but from our point of view we cannot possibly contemplate trade diversion from United States merely being transferred to Canadian source. The whole purpose of our policy is to divert it to source from which we may expect at least pound for pound purchases from Australia.

List of licensed items will be forwarded from our New York office. Once more I assure you of great reluctance with which we have had in any way to include Canada in our new diversion policy but steps we are taking have, under the circumstances under which we find ourselves, been completely unavoidable. Message ends.

257.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 28, 1936

AUSTRALIAN TELEGRAM OF MAY 27TH

Here is economic nationalism with a vengeance.

On the immediate point of negotiations, they state it is impracticable to deal with Page, and request Canada to send a delegation to Australia as early as possible.

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

The new policy of "trade diversion" outlined is set forth as a policy of industrial protection at home and a deliberate attempt, by a license and quota system, to restrict imports from the countries that sell more to Australia than they buy and divert them to the countries that buy from Australia. (According to press reports, France, Belgium, Germany and Japan will be aided under this scheme, and the United States and Canada hit). The telegram sets forth at greater length the notice already given that they propose to restrict importation of motor cars or motor chassis from Canada in the future to last year's shipments, which are to be taken as a maximum quota.

They now go further and ask us to enter a "friendly arrangement" which will ensure that we will not increase our exports of any goods to Australia which she is trying to divert from other countries, i.e., the United States. If a friendly arrangement can't be reached, the Commonwealth Government will take the matter further into consideration.

Specifically, the Australian Government demands that we agree to give an undertaking that the level of exports for the year ending April 30, 1936, for 81 items should not be exceeded with respect to any one of these items. In return, they will agree to let us export up to this amount, provided, further, that we agree to open comprehensive treaty negotiations with Australia at the earliest possible moment. Apparently the Canadian Government would have to undertake to control the exports of these 81 commodities.

This extraordinary document concludes with a statement of how it pains the Australian Government to include Canada in this restriction policy.

258.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 162

Ottawa, June 18, 1936

United Kingdom Trade discussions.

Party of officials, Scully, McKinnon, Wilgress, Robertson sailed "Duchess of Richmond" June 12th. I should be obliged if on their arrival you could arrange for early meeting with British officials. Minister of Finance and Minister of Trade and Commerce will sail around end of month. Minister of Agriculture will also be in England in July. I should be glad if you would co-operate as occasion arises and presume participation of members of your staff and Trade Commissioners will also be arranged as required.

259.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 251

London, July 4, 1936

Following from Dunning and Euler, Begins: Had meeting yesterday with Dr. Earle Page, Australian Minister, and impressed upon him trade with Australia was an important factor in Canada's attitude towards proposals for steamship subsidy. Page intimated that they had a number of complaints against Canada's treatment of their products and that they would submit these complaints to us later, together with suggestions as to other commodities which Canada might take in increased volume from Australia. There is still strong pressure on Canada to send a Minister to Australia at an early date. Please advise if it has already been decided to send a Minister to Australia towards the end of the year, and if Australia has been informed accordingly. If a telegram in this sense has already been sent would be glad to be advised as to date of its despatch. Regarding question of steamship subsidy for Pacific service, chief difficulty will be in reaching agreement as to division between Dominions of total amount which will be found to be necessary by investigation now being conducted by Imperial Shipping Committee. Page suggests that Dominions concerned should endeavour to reach agreement as to proportion of subsidy to be borne by the different Dominions before amount to be recommended by Committee is announced. The total amount of subsidy required will probably be large.

Saw Malcolm Macdonald yesterday and hope to meet British Ministers for discussions on trade questions towards the end of next week. In the meantime Canadian officials are continuing their discussions with United Kingdom officials and outlook on the whole appears promising. Ends.

260.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 260

London, July 7, 1936

Following from Trade Delegation, Begins: In considering the revision of the British preferential rates of duty and the manner in which revised rates could be expressed in a new agreement, it will be necessary to know whether the Government are prepared to invite Parliament to repeal Section

5 of the Customs Tariff and to replace the present nominal preferential rates by consolidated rates from which effective 10% discount has been subtracted. See paragraphs 26-30 of External Affairs memorandum.<sup>1</sup> Ends.

261.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 278

London, July 15, 1936

Following from Dunning and Euler. Discussion so far reveals British Government's desire to get lower tariff on their commodities entering Canada and also desire to limit development of our shipments of bacon by cutting present quota in half on the ground that we have never shipped half. On beef and beef cattle other than store cattle British proposal is that Canada agree to join projected International Export Conference, object being to have exporting countries agree to control of shipments of beef cattle and beef to Great Britain. We have pointed out that proposal for easier access to Canadian market for British commodities can be arranged, but that to ask us to agree to do that and at the same time to propose restriction of future development of our sale of bacon, beef cattle and beef, means Canada would be making all concessions and Britain none. On the point of guaranteed margin there is at present a disposition to meet our view that a straight rate is desired with no guaranteed margin in Canadian tariff. On bacon and meat question, hope to have Gardiner present at meeting Friday. British making strong representations on anthracite, stating that to admit Russian coal into Canada would be a most serious blow to them. We stated that it was difficult if not impossible for Canada to remain almost the only country maintaining a complete embargo against Russian trade but that Mr. Euler would bear in mind the importance to the British of the anthracite question when discussing the matter with Russia. The British admit the reasonableness of our view re the Russian embargo and the importance of Russian trade to us but stress the seriousness to them of the political and social questions involved in the possible impairment of the anthracite trade with Canada. As Mr. Euler is leaving for Russia Saturday, he would appreciate the views of the Government before leaving here re the Russian question especially regarding coal. His idea at present is to possibly deal with Russian coal by quota.<sup>2</sup> It is probable that our report to our colleagues on returning will show (1) the British desire a new agreement which will continue the free entry for Canadian goods and possibly the continuation of the guaranteed margin of tariff against foreign goods entering the British market; (2) the British

<sup>1</sup> Non reproduit/not printed.

<sup>2</sup> Voir chapitre IV, partie 3 e. pour les relations commerciales avec l'Union soviétique.  
See Chapter IV, Part 3 e. for commercial relations with the Soviet Union.



ask many concessions in Canadian tariff many of which in Dunning's opinion can be granted Euler has more particularly on woollens; (3) British ask for reduction in bacon quota which we cannot accept unless possibly upward sliding scale conforming to our expected expansion of shipments might be solution; (4) British ask Canada's agreement to join international export beef and cattle countries conference to allocate exports to Britain amongst themselves. We cannot recommend this, firstly, because we do not favour principle of controlling exports and, secondly, now Marketing Act has been declared ultra vires we have no federal machinery for the purpose and it is doubtful if workable machinery could be created having regard to constitutional limitations.

262.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 316

London, July 30, 1936

Following from Dunning, Begins: At meeting yesterday with United Kingdom Minister, when the progress of negotiations was reviewed, following points were established:

(1) Consideration of United Kingdom tariff requests indicated serious difficulty should not develop on this score. List of proposed reductions tentatively advanced by our advisers is lengthy but in the great majority items would not involve serious industrial difficulties except possibly in the case of woollen goods. Consolidation of possible changes into draft schedule will require at least fortnight's work here by MacKinnon, Scully and Robertson.

(2) Question of margin may admit of compromise adjustment based on:

(a) No guarantee of margin on tariff items applicable to goods of class made in Canada,

(b) Guarantee of flexible margin of preference of type accorded Canadian tobaccos in Article VII, 1932 Agreement, on dutiable items to be enumerated in schedule when goods are not of a class made in Canada. Canadian Government under such an arrangement would retain freedom to reduce to zero rate on foreign goods included in this category provided preferential rate was similarly made free;

(c) A limited schedule maintains certain margin of duty against free entry for United Kingdom where margin is important factor for United Kingdom trade. This limited schedule would correspond in a new agreement to a consolidation of Schedules B. and C. of 1932 Agreement, which United Kingdom will probably agree to maintain. We are proposing inclusion of an Article based on Section 29 of

Combines Investigation Act qualifying obligation to maintain fixed margin so that Government could reduce any duty if investigation establishes that it is facilitating operation of combine or cartel to disadvantage of public.

(3) It now seems probable United Kingdom will agree to revision of general provisions of 1932 Agreement relating to customs administration, tariff policy, etc., in the sense desired.

(4) United Kingdom would be ready to maintain existing margins in favour of Canada and general freedom from duties and quantitative restrictions subject to following conditions:

(a) Inclusion of proviso authorizing waivers of Canadian dumping duties on United Kingdom goods when it was established that Canadian producers of similar goods were selling them in United Kingdom markets at less than price at which they were offering them for sale in Canada. We recognise the reasonableness of this request and are trying to find acceptable formula to cover it.

(b) An Agreement regarding rate at which export of Canadian bacon and ham progresses towards maximum 2½ million cwt. A draft formula on this point has been worked out by officials which we think should prove satisfactory. This question has been very difficult as United Kingdom desire to reduce our quota.

(c) Acceptance by Canada of a quota on fat cattle based on "recent levies" of imports from—say 40,000 to 50,000 head. Gardiner and I have refused to recommend the United Kingdom proposals regarding cattle and meat to our colleagues and recognise difficulties in the way of Agreement on this point are serious.

(d) Reservation as in Schedule A. of 1932 Agreement of United Kingdom right either to impose preferential duties with margin or to bring Canadian produce within some system for quantitative regulation of supply of eggs and dairy products. Royal Commission on Milk Marketing will not submit recommendations until the Fall and Government are unwilling to bind themselves to unrestricted free entry pending receipt of its report.

(e) As regards oats United Kingdom recognise that Canadian Government cannot undertake to regulate or limit the export but insist on reserving their rights to take some remedial measures to assist Scottish oat growers—whether by duties or quantitative restrictions or neither will be determined when an enquiry now underway is completed.

(5) We made it clear that the foregoing exceptions to maintenance of unrestricted free entry of Canadian produce were quite unsatisfactory, would be a great disappointment to our Government and would prejudice reception of tariff reductions in favour of United Kingdom which we were otherwise prepared to recommend. In the circumstances we suggested preparation of

draft general provisions and tariff schedule should proceed as if agricultural difficulty had been overcome and that both Governments could then consider the situation with a view to reaching a satisfactory accommodation. Ends.

263.

*Le premier ministre d'Australie au secrétaire d'État  
aux Affaires extérieures*

*Australian Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Canberra, August 5, 1936

**MOST SECRET.** The Commonwealth Government is very pleased to learn by your telegram of the 8th July, No. 11,<sup>1</sup> that the Canadian Government propose that your Minister for Trade and Commerce will lead a trade delegation to Australia in the near future to explore with this Government the further development of trade between the two Dominions. The Canadian delegation is assured of a very cordial welcome from Government and people of the Commonwealth and I trust that negotiations will conclude to the satisfaction of both Dominions.

In view of forthcoming visit by your Minister for Trade and Commerce it does not appear necessary at this stage to enter further into points raised by you in your telegram of the 8th July as result of tariff action which Government of the Commonwealth was compelled by circumstances to take on May 22 last.

As to specific case of motor cars mentioned by you, I regret that Government of the Commonwealth cannot see its way to vary decision to hold Canadian exports to the level reached for 12 months ended April 30th, 1936.

The reasons for this decision and indeed for our diversion policy as a whole are fully set out in my telegrams May 20th and May 27th. The whole position, however, can be fully explored upon the arrival of your Minister for Trade and Commerce.

LYONS

264.

*Le haut commissaire de Grande-Bretagne au Premier ministre  
British High Commissioner to Prime Minister*

Ottawa, September 8, 1936

CONFIDENTIAL

My dear Prime Minister,

I have received a telegram from my Government referring to your telegram No. 60 of September 3rd<sup>1</sup> addressed to the Secretary of State for

<sup>1</sup> Non reproduits/not printed.

Dominion Affairs on the subject of the removal of the embargo on Russian anthracite. My Government state that the decision to remove the embargo is, of course, a matter of very great regret to them, and in view of the present threatening situation in South Wales they very much hope that the Canadian Government will be able to defer any public announcement, concerning the lifting of the embargo, for the time being. In any case it would be of assistance to my Government if they could have early advance notification of any proposed announcement.

My Government state further that the question has been raised in London whether the expression "Maritime Provinces" in your telegram Number 60 includes the province of Quebec. They assume that the answer is in the negative, but I should be grateful if you would be so good as to confirm this.

I understand that in the course of the discussions on the above subject which took place in London in July last, Canadian Ministers laid stress on the possibility of some arrangement whereby, in return for Canada admitting Russian coal, Russia would take a certain quantity of Canadian cattle, thereby relieving the distressed areas in western Canada. My Government are anxious to learn whether such an arrangement is in fact being contemplated; and they add that it would be helpful to them to have this information from the point of view of public opinion in the United Kingdom when the decision referred to in your telegram No. 60 is announced.

I would be very much obliged if you could let me know at an early date what replies I should return to the questions asked on this subject by my Government.

Yours sincerely,

F. L. C. FLOUD

265.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 62

Ottawa, September 9, 1936

CONFIDENTIAL. Reference my telegram No. 60 of 3rd September—your message of 5th September<sup>1</sup> conveyed by High Commissioner for the United Kingdom has been subject of consideration by Cabinet, who regret that removal of embargo on Soviet imports may be a source of embarrassment to your Government and hope that Government of United Kingdom will recognize that in postponing action on the lifting of the embargo from October, 1935, and in fixing the conditions which will limit the resumption of Russian coal shipments (see my telegram under reference) the Canadian Government have done everything they could do to safeguard position of South Wales anthracite exports to Canada.

<sup>1</sup> Voir le document précédent/see preceding document.

From your conversations with my colleagues in London this summer you will be familiar with the considerations of general policy which make it impossible for the Canadian Government to retain, as an instrument of commercial policy, a discriminatory embargo against imports from one country with which all other countries maintain normal commercial relations and to which some accord special credit or commercial advantages.

While it is believed Soviet Russia offers openings for the sale of large number of Canadian cattle, the trade will take time to organize and as yet no arrangement has been made regarding future cattle shipments we do not wish to raise any false hopes in Western Canada and so do not desire to refer to removal of embargo as directly connected with relief of distressed areas in Western Canada. It could be intimated however that with the serious drought situation in Western Canada Canadian Government are unable to overlook any possible markets for sale of cattle. It is believed that Soviet Russia offers possibilities as outlet for sale of dairy cows and eventually also Western cattle for restocking Russian farms, as well as horses and other live stock of which there is surplus in Canada.

In view of your representations regarding the threatening strike situation in South Wales, arrangements have been made to defer announcement of our action in lifting embargo on Soviet imports and of the consequent removal of retaliatory Soviet embargo on imports from Canada until Canadian morning papers of Saturday, September 12th. It is expected that on Monday, September 14th, the Soviet Official Press Agency will release statement from Coal Trust regarding resumption of exports to Canada within conditions enumerated in my telegram of September 3rd.

266.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
par intérim aux Affaires extérieures*

*High Commissioner in Britain to Acting Secretary of State  
for External Affairs*

TELEGRAM 381

London, October 28, 1936

IMMEDIATE. CONFIDENTIAL. Your telegram No. 322 of the 22nd October.<sup>1</sup>

Following from Prime Minister for Mr. Dunning, Begins:

1. Further discussion with United Kingdom has made evident misunderstanding on a point of importance. Our understanding was that new formula was to take the place of the whole of Schedule I of draft agreement but United Kingdom representatives state that it was drafted primarily to meet our objection to a specified fat cattle and beef quota, and that as regards

<sup>1</sup> Non reproduit/not printed.

dairy products listed in Schedule I intended to take the place only of section of that Schedule dealing with quantitative regulation. The right to impose customs duties on dairy products as an alternative to quantitative regulation is retained. I regret that this had not been made clear before my telegram of October 21st<sup>1</sup> was sent.

2. As matters stand, all products now free of customs duties would continue to be free with possible exception of dairy products in Schedule I. In this respect there would be no change from existing agreement. As regards quantitative regulation, it would apply, *first* to dairy products as in present agreement if a policy of control is adopted and as an alternative to a customs duty; *second* to bacon and ham as at present but with variation in proposed Article IV, which in form represents a recession from present agreement but in practice permits steady expansion to the same goal; and *third* to fat cattle and beef, within the limits contemplated in discussions this summer, that is, accepting recent levels as basic [*sic*] and providing for moderate expansion from our share of reduction in foreign supplies or from failure of other countries in small suppliers groups to use their full share. While this third restriction is now made explicitly for the first time, it is not directed specifically against Canada but deals with us only as an incident in the general and settled policy of regulating meat supplies from all outside sources.

3. As regards your enquiry in paragraph 2, I agree that there is some tendency here to adopt tariffs and levies instead of quantitative regulation but it would be difficult to conclude that it represents a definite policy. The objective of protecting the home market for farmers and bolster prices is definitely accepted for the present as result of protectionist sentiment being reinforced by supply fear, but it appears decision between alternative method, customs duty, regulation of outside supplies, control of home supplies, subsidies, etc. will be an opportunist one, depending on local pressure and foreign and Empire interests and influences concerned in each.

4. Our position as to cattle in this market will be clearer after result of Presidential and Congressional elections indicating whether renewal or extension of our cattle quota in the United States market can be expected. Assuming the continuance of that outlet and with possibility of averting duty on dairy products by accepting new formula now removed, question is whether there is any substantial or other advantage in admitting a general United Kingdom right to quota of agricultural products as alternative to a specific provision applying to fat cattle and beef, which would be the new factor in addition to existing dairy and bacon provisions.

5. Question of reference in preamble to objective trade expansion etc. will be considered further in discussion on Wednesday when I shall communicate further on this and previous points. I note your reasons for deferring consideration of other side of Agreement. Ends.

<sup>1</sup> Non reproduct/not printed.

267.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 327

Ottawa, October 29, 1936

IMMEDIATE. Following for Prime Minister from Minister of Finance. Begins:

1. Have not had an opportunity to discuss your telegrams 381 and 383<sup>1</sup> of 28th October with Cabinet but have talked them over with Gardiner. In light of explanations contained in your telegram No. 381, we do not see any advantage in retaining draft article authorizing quantitative regulation of imports of agricultural products generally and would prefer to have question of cattle and beef dealt with explicitly.

2. Cattle and beef situation does not appear to have developed since discussions in August when wide divergence between views of two Governments made agreement impossible. Great increase in cattle shipments to United Kingdom thus far this year despite larger shipments to United States than in any year since 1930 indicates increasing dependence of Canadian cattle industry on United Kingdom market. This tendency will be more marked next year when as a result of Government's new policy of assisting movement of cattle from West to East for feeding it is quite probable that shipments to United Kingdom will exceed 55,000 head. This policy adopted as emergency drought relief measure is likely to be maintained and will undoubtedly result in larger numbers of cattle being available for shipment to United Kingdom in future years.

We would prefer, of course, that the United Kingdom put forward alternative proposal fixing an aggregate allowance for imports of cattle of all kinds from Canada at appropriate maximum. (For your information we had thought that for a short three year Agreement a total figure of 125,000 head would be ample). Such a proposal might be incorporated in a clause similar to Article 4 (Bacon clause) and containing similar guarantees that rate of expansion toward desired maximum would be "orderly", etc.

If, however, as seems clear from your telegram No. 383 the United Kingdom are reluctant to refer to beef and cattle arrangement with Canada in the Agreement, it seems unlikely that they will agree to an Article fixing Canadian maximum at figure we could regard as acceptable. In this event, the alternative wording suggested in paragraph 2 of telegram No. 383 would appear lesser of two evils, but would require very grave consideration before acceptance especially in view of British attitude on dairy products.

As regards suggested preamble, we think it extremely important that some such interpretation of policy should preface a new Agreement. A formal statement along these lines by two Governments would do much to allay

<sup>1</sup> Non reproduit/not printed.

uneasiness in other countries at recent developments in preferential policy. It would be of real value in Canada and would undoubtedly facilitate further commercial negotiations with the United States both for Canada and the United Kingdom.

If reference to "abolition of quotas" is chief obstacle in way of acceptance by United Kingdom, it might be dropped, though with reluctance.

268.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
par intérim aux Affaires extérieures*

*High Commissioner in Britain to Acting Secretary of State  
for External Affairs*

TELEGRAM 385

London, October 31, 1936

Following from Prime Minister for Mr. Dunning, Begins: Your telegram No. 327.

(1) I endeavoured to impress upon Macdonald in closing interview yesterday the views as to growing importance of United Kingdom market for our cattle set forth in your telegram. It is, as you are fully aware, extremely difficult to get even an informal undertaking for a substantial increase in our exports beyond recent level when whole general meat scheme is based on restrictions to existing level, while to mention "meat" and "expansion" in the same sentence in a published document appears to be a grave social error. I think that a working arrangement on the lines discussed this summer, but more generously interpreted to allow for our changing situation, together with a brief and general reference in Agreement to regulation of Canadian fat cattle so far as necessary to ensure operation of proposed international meat scheme would be best solution. A proposed wording will be sent to Ottawa before I return.

(2) As regards preamble, there is a good deal of reluctance to refer to "the abolition of quotas" or to "quotas" at all but I anticipate they will agree to a modified version of our suggested formula.

(3) Sailing this morning and hope see you all next week. Ends.

269.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre d'Australie*

*Secretary of State for External Affairs  
to Australian Prime Minister*

TELEGRAM 16

Ottawa, November 20, 1936

Your telegram November 16th.<sup>1</sup> In compliance with your request Canadian trade delegation will not arrive until the end of January.

<sup>1</sup> Non reproduit/not printed.



270.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, January 4, 1937

SECRET

My dear High Commissioner,

I have noted with regret that the preliminary observations of the Secretary of State for Dominion Affairs and the President of the Board of Trade on the statement<sup>1</sup> of the Canadian Government's position given to you on the 17th December give no grounds for believing that the major difficulty blocking Canadian acceptance of the draft Agreement has received the consideration that we feel it deserves. That difficulty is not diminished by the fact that it is primarily a political one. The Government of the United Kingdom will, we believe, recognize that an Agreement, which on the one hand greatly improved the competitive position of United Kingdom goods in Canada and on the other hand worsened, however slightly, the competitive position of Canadian goods in the United Kingdom would be difficult for us to defend. This would be doubly so when the new Agreement, as in the present case, is to take the place of one that continues in existence until six months after notice of its denunciation has been given by one or other of the parties. It will be observed that practically all the new concessions on tariff rates are on the part of Canada.

2. As our statement was confined almost exclusively to the relatively narrow range of questions on which the views of our Governments are still divergent, it was perhaps inevitable that its emphasis on points of difference tended to obscure the numerous and important matters on which an understanding has been reached during the current negotiations. The tentative agreements that have already been registered on various questions that, from time to time, appeared to endanger the successful completion of negotiations have, of course, always been subject to the reservation that any new Agreement arrived at would have to be, all things considered, satisfactory to both Governments. It may, therefore, be useful to supplement our memorandum of the 17th December by a brief review of the ground already covered, which may help to place in perspective the further objectives which the Canadian Government believe could be realized in a mutually satisfactory Agreement between our countries.

3. The discussions that took place in London this summer, while they brought into relief conflicts of interest and policy for which we have still to find a solution, did undoubtedly result in a substantial measure of agreement on matters of common concern to our Governments. The provisions, for instance, in the draft Heads of Trade Agreement relating to imports of bacon and hams from Canada represent an adjustment of interests which had been thought by some to be incompatible. Similarly, the special

<sup>1</sup> Non reproduit/not printed.

and difficult case of reciprocal export dumping has, we believe, been satisfactorily dealt with in draft Article 11. A *modus vivendi* has been worked out for the continuation of the preferences which Canada exchanges with the Colonial Empire and the arrangement for the extension of most favoured nation treatment to the Colonial Empire and Mandated Territories has been, in principle, accepted by the Canadian Government. For our part, we appreciate the readiness with which the Government of the United Kingdom consented to the deletion of those provisions of the 1932 Agreement relating to general principles of fiscal policy and customs administration which the Government of Canada regarded as unnecessary, and in some respects objectionable. In the same spirit in which your Government were willing to forego such privileges as Articles 10-17 of the 1932 Agreement conferred, our Government are ready to relinquish such special rights as Article 21 of that Agreement assured them. In this way, our negotiators have been able to reach agreement in principle on the disposition of a number of complicated questions which had stood in the way of a definitive adjustment of commercial relations between Canada and the United Kingdom. Such progress as has been made in dealing with these various matters is, however, conditional on our reaching eventual agreement on the questions raised in the memorandum under reference.

4. The Canadian Government, in initiating the present discussions, were prepared to accord more generous tariff treatment to United Kingdom goods imported into Canada than they at present enjoy. We have, however, always been anxious that the enlargement of the scope and value of reciprocal preferences should be brought about by methods which would not jeopardize our further object of liberating our trade with the rest of the world from tariffs and restrictions. We believe that the expansion of trade between the countries of the Commonwealth should be regarded as a step toward, and a condition of, the revival of international trade, and we are discouraged by the tendency revealed in your note under reference to rely upon the maintenance of limitations upon trade with third countries as a means of developing trade between our two countries.

5. The Canadian Government recognize—though the point was, perhaps, not explicitly made in our communication to you of the 17th December—that the objections to the perpetuation of fixed margins of preference are of general application, and obtain with equal force against the binding of tariff rates against reduction by either Canada or the United Kingdom. We believe that, in the long run, the policy of maintaining fixed margins of preference does not serve the best interests of either imperial or international trade recovery. We recognize that a serious effort has been made, in draft Schedule V, to meet some of the more obvious and pressing objections to Schedule E of the 1932 Agreement. Our difficulties, however, as I have tried to make clear, lie in accepting the formal obligation to maintain margins generally rather than in the actual maintenance of present most favoured nation rates on any given commodity or group of commodities.

6. In our desire to meet, so far as is possible, the views of the Government of the United Kingdom, we are prepared, for the term of a new Agreement, to defer the full application of a principle to which we attach the highest importance. We feel, however, that in any new Canada-United Kingdom Trade Agreement, the maintenance of fixed margins of preference should be qualified by the insertion in the Agreement itself of some recognition of the temporary and transitional character of this method of according preference. We do not think that the provision of Article (15) to the effect that "variations in the terms of the Agreement shall form the subject of consultation between the two Governments" is in itself adequate evidence of a disposition—which we hope is shared by the United Kingdom—to modify the letter of the Agreement if it should prove to stand in the way of some larger effort to free international trade. If the Government of the United Kingdom could see their way to meeting the Canadian Government's anxiety over this aspect of fixed preferences, it might be possible to record, either in the preamble to a new Agreement or in provisos attached to Articles 3 and 8, that the two Governments agree to give sympathetic consideration to proposals for the reduction or removal of fixed margins of preference, which might form part of a general agreement for the lowering of tariffs.

7. The indication, in your note under reference, that the requested deletion of butter, cheese and other milk products from Schedule I of the draft Heads of Trade Agreement could not be considered is hard to understand in the light of the emphasis laid, during the discussions in London this summer, upon the necessity of awaiting the report of the Milk Reorganization Commission. In the memorandum of August 7, 1936,<sup>1</sup> furnished the Canadian Ministers, it was pointed out that it would hardly be possible for the Government of the United Kingdom to formulate their long term milk policy until after this report had been received. The question of free entry of dairy products reserved in Schedule I was, accordingly, not pursued during the summer discussions. Now that the Report has been presented and does not appear to recommend any regulation or tariff duty on imports from the Dominions, our Government hoped the United Kingdom Government would be in a position to consider favourably the request of the Canadian Government for an assurance of unrestricted free entry of the products in question. If the United Kingdom can see their way to meet this Canadian request on dairy products, it would undoubtedly remove a serious obstacle in the way of accepting the United Kingdom proposals regarding cattle and beef.

8. With reference to the various changes suggested in draft Schedule IV in our memorandum of the 17th December, it might be stated, as regards the four woollen items, that a comparison of the net ad valorem incidence of the rates proposed (a) in draft Schedule IV, and (b) in the Canadian memorandum, would appear to show about as follows: Item 551a: 13 p.c. as against 15 p.c.; Item 553: 23.5 p.c. as against 27.5 p.c.; Item 554: 18.5 p.c. as against 22.5 p.c.; and Item 554b: from 28 to 33 p.c. as against 30 to 35 p.c. When it is realized that the net ad valorem incidence on imports

<sup>1</sup> Non reproduct/not printed.

from the United Kingdom under these items in the fiscal year 1936 was 17.5 p.c. on Item 551a, 40 p.c. on Item 553, 26 p.c. on Item 554, and from 37 to 46 p.c. on Item 554b, it is obvious that under the revised proposals of December 17th the Government of Canada would still be making very generous reductions on goods which this country is equipped to produce in great quantities, and this at a time when, in terms of yards of cloth, United Kingdom mills are already supplying the Canadian market with four yards in each ten consumed. In view of these facts we believe that the Government of the United Kingdom will not hesitate to concur in our proposals made on December 17th regarding Items 551a, 553, 554 and 554b.

9. As regards the three other Items in Schedule IV referred to in the memorandum under reference, we are prepared, subject to acceptance of our proposals on the four woollen Items above enumerated to reword Item 604 (leather) in draft Schedule IV as follows: Item ex 604: belting leather in butts or bends; and all leather further finished than tanned, n.o.p. This would exclude only sole leather from the scope of the reduction proposed in draft Schedule IV, in return for which exclusion the Canadian Government are prepared to approve in the case of Item 608 (leather not further finished than tanned) in draft Schedule IV a rate of 5 p.c. instead of the rate of 7½ p.c. set forth in the draft Schedule. Actually, this re-rating of Item 608 would be granting on imports ex-U.K., valued in 1936 at nearly \$120,000, a total reduction in rate from 10 p.c. to 5 p.c. ad valorem, whereas the reduction originally proposed in draft Schedule IV on sole leather would have affected imports valued at only \$82,000. It is emphasized that there is no suggestion of withdrawing from draft Schedule IV that portion of Tariff Item 604 which covers "belting leather in butts and bends; and all leather further finished than tanned, n.o.p."

10. The Canadian Government in any event would wish to maintain the proposals made in paragraph 16 of the Aide Mémoire and are quite prepared to confirm also the offer of further concessions as made in paragraph 17.

11. As regards the length of time which has elapsed in the consideration of the proposals by Canada, it should perhaps be mentioned that British Ministers and officials had the opportunity of immediately obtaining the views of their colleagues on questions raised in the course of the preparation of the draft agreement, an opportunity which Canadian Ministers did not have until after the return to Canada of the Prime Minister and his colleagues from Geneva and London. It will be apparent that as the great bulk of changes from the 1932 Agreement which were set forth in the draft discussed during the summer were matters that involved concessions on the part of Canada, careful consideration of all the points involved was called for here. As mentioned in the aide-mémoire of December the 17th, detailed consideration was given in Council by my colleagues and myself to the Trade Agreement to the exclusion of many other pressing matters almost continuously from the day of my return to Ottawa.

12. While we regret that it is not possible for us to conclude an Agreement in the terms of the draft submitted, the Canadian Government are not

less anxious than His Majesty's Government in the United Kingdom to avoid postponement of further discussions until after the Coronation, and immediately to conclude a new Agreement if that can be effected. We are ready to continue discussions with that end in view. As, however, you are aware, our Parliament reassembles on the 14th instant, Parliament will expect that any Agreement to be concluded before the Coronation will be immediately submitted for its approval. My colleagues and I have all along anticipated that whatever Agreement might be concluded would occasion, in Parliament, a discussion of considerable length. We would not wish to introduce, at the approaching Session, any measure the discussion on which we had reason to feel might not be concluded in time to permit of its enactment before Parliament prorogued or adjourned to enable Ministers and others to attend Coronation ceremonies and the sittings of the Imperial Conference. We have all along hoped that it might be possible to make mention, at the opening of Parliament, in the speech from the Throne, of the conclusion of a new Trade Agreement between the United Kingdom and Canada. We still hope that this may be possible. If, however, it is not, it would appear to be in the interest of all concerned that the approval of any new Agreement should not be attempted at the ensuing Session, but should await a subsequent Session of the Canadian Parliament.

Your very sincerely,

W. L. MACKENZIE KING

271.

*Le haut commissaire de Grande-Bretagne au Premier ministre  
British High Commissioner to Prime Minister*

2/36-7

[Ottawa] January 9, 1937

SECRET

My dear Prime Minister,

With reference to my conversation with you this morning, I enclose a paraphrase of the message from the Secretary of State for Dominion Affairs with regard to the trade agreement. I enclose also a supplementary note containing the confidential information I mentioned to you with regard to the exploratory discussions with the United States. The United Kingdom Government are anxious that this information should be kept secret and confined to as few people as possible.

I am sending a copy of the paraphrase and of the supplementary note to Dr. Skelton and I have told him that we are at his disposal over the weekend in order that any questions of drafting or interpretation may be cleared up between us so that the points at issue can be presented clearly to the Cabinet when they meet on Monday.

Yours very sincerely,

F. L. C. FLOUD

## [PIÈCE JOINTE 1/ENCLOSURE 1]

*Paraphrase du message du secrétaire aux Dominions et du président  
du Board of Trade de Grande-Bretagne*

*Paraphrase of Message from Dominions Secretary and President  
of British Board of Trade*

[London, January n.d., 1937]

## 1.

## PREAMBLE

We feel that the Canadian draft is open to most of the objections which we felt existed in respect of their earlier draft, but we should be prepared to accept with a view to meeting them a formula in the following terms:

The Governments of the United Kingdom and of Canada, recognizing that revival and development of trade is an essential feature of the prosperity and well being of all countries and to this end desiring further to facilitate trade and commerce between the United Kingdom and Canada, and having resolved to replace by the present agreement the agreement concluded between them at Ottawa on August 20th, 1932, have agreed upon the following provisions.

## 2.

## FIXED MARGINS

The proposal now put forward by the Canadian Government in paragraph 6 of Mr. Mackenzie King's letter of 4th January is recognized as going a considerable way towards meeting the United Kingdom but there are still difficulties requiring consideration by Ministers as a whole which could not be given in time for an announcement to be made on 14th January as to an agreement having been reached in principle. We would, however, urge that in reality little is added by the latest suggestion to the existing provisions of Article 15 in the draft heads of agreement (variation after consultation). These provisions for consultation in our view imply sympathetic consideration of any request by either side, and if the Canadian Government could see their way to relying on them as they stand the main obstacle would be removed and an announcement as to agreement in principle might well be able to be made on 14th January.

## 3.

## BACON AND CATTLE CLAUSES

We should be ready to accept either separate Articles in respect of these commodities as already proposed by us or a combination of their substance in one Article in accordance with the Canadian suggestion. We will consider the combined text, which we understand is under consideration by the Canadian Government, so soon as we learn whether they wish definitely to put it forward.

## 4.

## PERIOD OF AGREEMENT

Question of the alteration of the minimum period to four years would require consideration by Ministers as a whole and we trust that in the cir-

cumstances this proposal will not be pressed by the Canadian Government. In this connection, for the reasons already stated, (see third paragraph of the High Commissioner's Secret letter of the 24th of December<sup>1</sup> to Dr. Skelton) we feel that it would be best to maintain the text of the final Article as it appears in the draft heads of agreement; we can see no other way whereby the practical difficulties can be met.

5. SCHEDULE I

We regret that we cannot modify this Schedule in respect of milk products since the question of the manner in which this important and difficult problem both on the domestic and import side is dealt with remains entirely open.

6. SCHEDULE III

(i) *Canned Tomatoes*. We should prefer the omission of canned tomatoes for the reason that if this concession is included at 15% it would be the sole item on which an increase on foreign goods is stipulated in the new agreement and we feel that the point is one that will be appreciated by the Canadian Government.

(ii) *Patent leather*. We feel some difficulty in respect of this item. As part of the consideration for the Canadian tariff decision on leather set out in Schedule E of the Ottawa Agreement of 1932 the two industries agreed on the existing 15% margin. In passing special legislation to impose increased duties on foreign patent leather, the Government of the United Kingdom had in mind also the margins of preference guaranteed under the Ottawa Agreement to the United Kingdom leather industry. The increased duties on foreign patent leather cannot be continued under our legislation unless provision for them is included in the proposed new agreement. Under the proposals for the new agreement the position of United Kingdom leather in Canada is improved so long as the existing duties on foreign leather (which are no longer to be bound by fixed margins) are not greatly reduced. We would propose, after careful consideration of the question, to continue the 15% margin in Schedule III on the definite understanding that the United Kingdom Government would be free to reduce the duties on foreign patent leather to 10% if the Canadian Government should decide to reduce substantially their duties on foreign leather and if the United Kingdom Government considered that the resulting position of United Kingdom leather in the Canadian market was less favourable as a whole than under Schedule E of the 1932 agreement. This understanding would be constituted by the present exchange of views and there need be no question of any proviso to cover this point on the face of the Agreement.

(iii) *Dried apples*. We must also ask the deletion of this item which is, however, of a minor character.

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<sup>1</sup> Non reproduite/not printed.

## 7. SCHEDULES IV AND V

As our contribution to immediate agreement we are prepared to accept the latest Canadian proposals for alterations of various details in these Schedules, including that relating to aeroplane engines, subject to agreement by the Canadian Government to proviso necessary to safeguard the United Kingdom spelter industry for defence reasons. It is suggested that rather than the incorporation of this proviso in the main agreement it should be contained in a supplementary exchange of letters, the draft of which will be forwarded.

8. The above seems to us to cover all the outstanding points of substance. If the Canadian Government are ready to accept the foregoing proposals it would be possible for an announcement to be made in both countries at an early date as to agreement having been reached subject to drafting points.

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Le haut commissariat de Grande-Bretagne au Premier ministre*  
*British High Commission to Prime Minister*

[Ottawa, January n.d., 1937]

## SUPPLEMENTARY NOTE

As regards the passage in the message from the Secretary of State for Dominion Affairs and the President of the Board of Trade relating to fixed margins, the High Commissioner is authorised to convey the following very confidential supplementary information.

Exploratory discussions between the United Kingdom and the United States of America are proceeding with a view to ascertaining whether a suitable basis can be found for trade negotiations. If such negotiations result it is possible that the Government of the United Kingdom might have occasion to approach the Canadian Government with a view to the modification of certain margins bound on the United Kingdom side. The United Kingdom have advisedly refrained at this stage from asking the Canadian Government to agree to omit from Schedule III of the proposed new Agreement such United Kingdom margins established under the 1932 Agreement as concerned United States trade because they consider that it would be a mistake to subordinate negotiations between members of the British Commonwealth to negotiations with foreign countries however important the latter may be.

It may also be added in regard to the proposal in the message to delete the item dried apples from Schedule III that this item is of possible interest to the United States and that the United Kingdom Government do not wish to increase the obstacles to an Agreement with that country by binding new items in which they may be interested.



272.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, January 11, 1937

SECRET

My dear High Commissioner,

My colleagues and I have considered today the message from the Secretary of State for Dominion Affairs and the President of the Board of Trade which you gave to me on January 9th. We regret to note that they have not found it possible to meet as completely as we had hoped the revised proposals contained in my letter to you of January 4th. At the same time, it is recognized that in respect of a number of issues our positions have now been brought appreciably closer together. In these circumstances, it should expedite the conclusion of negotiations if I indicate briefly the attitude of the Canadian Government towards each of the questions raised in your letter and its enclosures:

(1) *Preamble*

The form of words suggested in your message could be accepted.

(2) *Fixed Margins*

We understand that the United Kingdom Ministers who have thus far considered this question are not prepared to accept either the proposals put forward in our memorandum of the 17th December or the modification of these proposals suggested in our letter of the 4th January. For our part, we have not regarded Article 15 of the Draft Heads of Trade Agreement or its counterpart, Article 23 of the existing Agreement, as capable of sustaining the rather broad interpretation put upon it in the message from the Secretary of State and the President of the Board of Trade. Though the scope of Article 15 may in theory be as wide as the Agreement, in fact its inclusion in a new Agreement would be interpreted as a simple continuation of such procedure for variation or modification as had been established in the 1932 Agreement. Its practical usefulness is admitted; of its value as a substitute for the proposals put forward in my letter of the 4th January we have serious doubts. In all the circumstances, the Canadian Government desire to withdraw their proposals for introducing an element of flexibility into the system of fixed margins of preference rather than accept a novel and uncertain interpretation of a standard treaty article.

(3) *Bacon and Cattle Clauses*

We note that the United Kingdom Government would accept the consolidation of the draft bacon and cattle clauses that we have had under con-

sideration and enclose herewith a draft article in which the cattle and bacon articles have been combined. Without prejudice to the provision of Article 1 of the draft agreement and with a view to keeping the operative sections relating to imports of cattle and bacon, as far as possible, uniform, we have inserted a sub section corresponding to the first sentence of the second paragraph of the draft Bacon Article in the paragraph relating to cattle and beef.

(4) *Period of Agreement*

While the Canadian Government, believing that there would be advantage to both countries in setting the term of a new Agreement for some period which would avoid termination of an Agreement during a general election, had proposed a four year term, we would be ready to meet your Government's preference for a three year Agreement. In this connection, we agree that the draft final Article (16 of Draft Heads of Trade Agreement) appears to deal adequately with the practical difficulties arising out of the period of transition from the existing Agreement to a new one which would take its place and we do not wish to propose any substantial modification in its wording. Some verbal changes, which we think would improve its form, are shown in the enclosed draft.

(5) *Schedule I*

We regret that the United Kingdom Government have not found it possible to modify Schedule I in the sense requested, for we had hoped that as part of a broad Agreement enlarging the opportunities for many United Kingdom products in the Canadian market, they could give us a definite and public assurance that the importation of Canadian dairy produce would remain unimpeded. We appreciate the difficulties which have prevented your Government from giving this assurance and trust that in formulating any long term policy in relation to milk products they will bear in mind the importance which the Canadian Government attach to the maintenance of free entry for these products, and the relationship between the continued enjoyment of such free entry and the desire in Canada to accord generous tariff treatment to United Kingdom goods.

(6) *Schedule III*

The Canadian Government have noted the desire of the Government of the United Kingdom to withdraw Canned Tomatoes from this Schedule and are ready to accept this proposal.

We would have more difficulty in meeting the request for the deletion of Dried Apples although the trade affected is appreciably smaller. The value of the preference already enjoyed on raw apples has been fully appreciated in Canada and has strengthened the desire in many parts of Canada to accord greater preferences to products of the United Kingdom. Any enlargement of the scope of the apple preferences would therefore have had an effect on Canadian opinion in excess of its actual economic importance. We appre-

ciate the considerations which have led your Government to request the removal of dried apples from Schedule III and are ready to make this contribution to the successful conclusion of trade negotiations between the United Kingdom and the United States. At the same time, it would be easier to explain the omission of this item from Schedule III in the Maritime Provinces and British Columbia if the United Kingdom could agree to insert in its place "Chilled or Frozen Salmon", on which a margin of preference of 1½d per pound is already guaranteed in Schedule B of the United Kingdom-Newfoundland Trade Agreement of 1932.

With reference to the new United Kingdom proposals concerning patent leather, we are ready to meet your Government's request that the relationship between the maintenance of the 15 per cent preference on patent leather and the relative tariff treatment of United Kingdom leather goods included in the Agreement should be recognized, and agree that this understanding need not be recorded elsewhere than in this exchange of views. If the Government of the United Kingdom desire to include sole leather within the scope of this arrangement the Canadian Government would be ready to include it as "Item ex 604, sole leather, —12½ p.c." in Schedule IV in the Agreement.

#### (7) *Schedules IV and V*

We note that the United Kingdom would be prepared to concur in the modifications we had found ourselves compelled to ask for in Schedules IV and V, on condition that the Canadian Government would accept a special reservation relative to the free entry of zinc, the text of which you gave to the Under-Secretary of State for External Affairs yesterday. We cannot agree to set off these adjustments in a limited number of tariff reductions in favour of United Kingdom goods against a waiver of an assurance of free entry of zinc. The latter question is complicated and important and should be settled on its merits.

The Canadian Government have given such consideration as time has allowed to the latest United Kingdom proposal relating to zinc. We are prepared to accept the arrangement proposed subject to the observations contained in the next paragraph, and to agree that, if after enquiry the United Kingdom Government consider that, as a result of competition from oversea Empire supplies, the United Kingdom industry is unable to maintain production at a satisfactory level, having regard to the national security, it will be open to the United Kingdom Government, notwithstanding the provisions of Article 1 of the Trade Agreement, to impose a customs duty on imports of zinc produced or manufactured in Canada, without prejudice however to the provisions of Article 3 of the Agreement.

We should be glad to receive an assurance that, in any enquiry which may be undertaken into the relationship between imports of zinc from Empire countries and the maintenance, in the interest of national security, of the production of the zinc-smelting industry in the United Kingdom at a

satisfactory level; suitable opportunity will be accorded Canadian producers to submit any relevant evidence regarding relative costs, transportation factors, and stocks available. At the same time, we trust that there will also be an opportunity to examine certain *ex parte* statements regarding the strategic implications of dependence on imports of zinc in its primary forms as opposed to dependence on imports of zinc concentrates which have been put about by the various Empire producers.

My colleagues and I would be grateful if you would bring their views on the foregoing questions to the attention of your Government as quickly as possible. We have made a very real effort to meet the position of the United Kingdom on each of the points made in your letter under reference and we hope that your acknowledgement of this despatch will be in terms that will permit of the inclusion in our Speech from the Throne on January 14th of a reference to the fact that "agreement in principle" has been reached between our Governments.

Yours very sincerely,  
W. L. MACKENZIE KING

273.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, January 14, 1937

SECRET

My dear High Commissioner,

I wish to acknowledge your letters of the 13th January<sup>1</sup> and to confirm your Government's anticipation that the points of detail which they made in the memorandum you enclosed will not stand in the way of an announcement in our Speech from the Throne that agreement in principle has been reached by our Governments. My colleagues and I are prepared to accept the modifications that you have suggested and, on this understanding, have arranged for the insertion in the Speech of a reference to the Agreement in the terms which we have discussed.

The only point raised in your letters under reference which we thought deserved some further consideration was the matter of the term of a new Agreement. In my letter of the 11th January it was made clear that we preferred a term of four years although we were prepared to accept the shorter period your Government had originally proposed. The question was not pressed in view of your intimation that it would be necessary for the whole Cabinet to consider an extension beyond three years and that this could not be done in time for the insertion in the Speech from the Throne of a reference to an "Agreement in principle". We hope that your Govern-

<sup>1</sup> Non reproduites/not printed.

ment will view this matter not as one affecting the principle of the Agreement but as a feature to which they had not been able to give their immediate attention.

We have noted your present suggestion that the new Agreement should run until June 30th, 1940, and will, if need be, accept this proposal. We desire, however, to emphasize further the view of our Government that termination of the Agreement on the date suggested, which would in the ordinary course of events come on the eve of the next general election in Canada, might result in making the question of its extension or revision a subject of party controversy both in the closing session of Parliament and in the ensuing campaign. For this reason we earnestly hope that your Government will agree to the insertion in the final article of the date "December 31st, 1940" instead of "June 30th, 1940".

As regards the place of signature of the new Agreement, the Canadian Government would prefer, if it meets with the convenience of your Government, that signing should take place at Ottawa at some early date when all the necessary detailed arrangements have been completed.

I have etc.

W. L. MACKENZIE KING

274.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, January 27, 1937

SECRET

My dear High Commissioner,

With reference to your letter of the 25th January,<sup>1</sup> I have now had an opportunity of discussing with my colleagues the views of your Government regarding the term for the new Agreement and the date on which effect could be given to the changes in the Canadian Customs Tariff for which it provides.

I have noted the considerations which, in your Government's opinion, make it impossible for them to agree to the 31st December, 1940, which I had proposed as a suitable date for the expiry of the new Agreement, and appreciate that in proposing August 20, 1940 as an alternative date they have gone a considerable distance to meet our desire on this point. The condition on which this proposal is made contingent will not present a serious difficulty for the Canadian Government who share your Government's desire to give effect to the tariff changes contemplated in Schedules IV and V of the new Agreement at the earliest possible moment.

If it had been possible to conclude the Agreement before the opening of Parliament, we would have been in a position to give effect to the tariff

<sup>1</sup> Non reproduite/not printed.

changes by Order in Council, which would have been immediately operative. Now that Parliament is in session we shall have to proceed by legislation. Your Government's own budgetary practice will enable them to appreciate the disadvantages of publishing, as a Schedule to a bill, a long list of tariff changes which would only become effective when legislation had finally received assent. In these circumstances, the only way in which we can proceed by legislation, and at the same time bring the proposed rates of duty into force from the date of their tabling in the House, is by Finance Resolution under the Budget which, in recent years, has as a rule been brought down about the 1st May. With a view to meeting what we understood to be the wishes of your Government, we have decided to advance the date of the Budget to the earliest feasible occasion which I may say, in confidence, will be before the end of February. The tariff changes required to give effect to the Agreement will be incorporated in the Budget resolutions introduced on that date and will be immediately effective. At the same time that the resolutions implementing the tariff provisions of the Agreement are introduced in the House, the text of the Agreement would be tabled.

As soon as the Budget resolutions are disposed of we would proceed with a bill, to which the Agreement would be scheduled, giving it the force of law. I assume that by the time this bill has received assent your Government will have taken what legislative steps are necessary to carry out its side of the Agreement and the date contemplated in the first sentence of Article 17 for the coming into force of the entire Agreement can then be determined between us.

In bringing into effect, as from the date of the Budget, the changes in the Canadian Tariff required in the new Agreement, we would propose, in accordance with the third sentence of Article 17, that that date should be agreed upon as the date on which Article 9 and Schedule E of the Canada-United Kingdom Agreement of 1932 should be deemed to have been replaced by Articles 6, 7 and 8 and Schedules IV and V of the new Agreement. I should be glad to learn as soon as possible that this arrangement will be acceptable to your Government.

If the procedure outlined in the preceding paragraphs can be taken as agreed upon, I think we should plan to sign the Agreement at some convenient time in the week of the 15th February with a view to its simultaneous publication in London and in Ottawa. In view of the difference in time and of the fact that the contents of the Agreement cannot be made public in Ottawa before 4:30 p.m. on the day of the Budget, we should probably have to ask your Government to withhold publication until the morning of the following day. This, however, is a point of detail that can be dealt with later.

Yours sincerely,

W. L. MACKENZIE KING

275.

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commission to Under-Secretary of State  
for External Affairs*

2/36/7

Ottawa, February 13, 1937

SECRET

My dear Dr. Skelton,

With further reference to the Prime Minister's letter to the High Commissioner of the 27th January and to the High Commissioner's reply No. 2/36-7 of the 2nd February<sup>1</sup> regarding the dates for the actual bringing into effect of the new Trade Agreement, I should be grateful if you would inform the Prime Minister that in Sir Francis Floud's absence I have received a further telegram on this aspect of the matter from the Secretary of State for Dominion Affairs. From this I learn that His Majesty's Government in the United Kingdom have decided to make arrangements to give effect to the reductions in the United Kingdom duty, as provided for in Schedule II of the Agreement, on silk stockings etc. and reed organs imported from Canada by means of the Budget resolutions to be introduced at Westminster shortly after the Easter recess which would probably end on or about the 17th April. By this arrangement these reductions would come into force immediately on the introduction of the resolutions.

As regards the Agreement as a whole, the intention of the United Kingdom Government is to include provision in the Finance Bill for the amendment of the Ottawa Agreements Act necessary to enable the Ottawa Agreement of 1932 between His Majesty's Governments in the United Kingdom and in Canada to be replaced by the new Agreement. The 1932 Agreement will thus not be finally replaced by the 1937 Agreement until June or July next when the Finance Bill becomes law. The Government of the United Kingdom consequently regret that they are not yet in a position to make proposals for fixing the date which by the terms of the first sentence of Article 17 is to be mutually agreed upon by the two Governments.

Yours sincerely,

STEPHEN L. HOLMES

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<sup>1</sup> Non reproduite/not printed.

276.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 64

Ottawa, February 18, 1937

SECRET

Sir,

I have the honour to refer to your despatch No. 117 of the 5th February<sup>1</sup> and to earlier correspondence concerning the aspects of the commercial relations between Canada and the United Kingdom which may affect, directly or indirectly, the interests and policies of the Government of the United States. As you have been informed, the negotiation of a new Trade Agreement between Canada and the United Kingdom, which will replace the Agreement signed at Ottawa in August, 1932, has been concluded; arrangements have been made for its signature in Ottawa on Tuesday, February 23rd, and for its publication on the introduction of the Budget resolutions, which it is expected will be brought down on Thursday, February 25th. For your information, I am enclosing a copy of the new Agreement. I need not emphasize its secret and confidential character.

2. It will perhaps be helpful if I comment briefly on the provisions of the new Agreement, reserving a fuller examination of the general question of preferential treatment and its relationship to questions of international commercial policy for a subsequent despatch.

3. Article 1, which simply confirms and makes more explicit the assurance of free entry into the United Kingdom market now enjoyed by the great bulk of Canadian products, and Article 2, which provides for the stabilization of the existing duty on motor cars and parts from Canada, and the reduction of rates on two other products that had been dutiable, require no comment.

4. Article 3 and Schedule III, in which are consolidated Articles 2, 3 and 4 and Schedules B and C of the 1932 Agreement, is, I take it, so far as the United States is concerned, the head and front of our offending. Of this Schedule three things may be said:

(1) Margins of preference are not bound on any commodities on which they are not presently bound under the terms of the United Kingdom 1932 Agreements with Canada and other parts of the Empire;

(2) The existing margins of preference, which range from 10-15 per cent ad valorem or comparable specific rates, have in no case been increased;

<sup>1</sup> Voir le doc. 443/see doc. 443.



(3) One item, "dried fruits, now dutiable at 7s." on which a margin of preference of 10s.6d. per hundredweight was fixed in Schedule B of the 1932 Agreement, has been deleted, and an item of considerable interest to Canadian exporters, viz., "dried apples", on which the United Kingdom in the course of the negotiations had agreed to guarantee the maintenance of the present margin of preference to the Canadian products, was dropped from the Schedule within these last weeks with a view to facilitating a possible commercial agreement between the United Kingdom and the United States of America. (Vide my despatch No. 29 of the 22nd January, 1937<sup>1</sup>).

5. Article 4 is simply a re-affirmation of the sliding scale of preferences on tobacco which all Empire producers have enjoyed since 1926 and which was confirmed to Canada for ten years from 1932. It may be noted that the margin of preference is not fixed but is, in certain contingencies, simply the amount of whatever duty may be from time to time imposed on foreign tobacco.

6. Article 5 is the insurance of the Canadian export trade in bacon and hams and cattle and meat against any untoward extension of the restrictive and protective tendencies of the United Kingdom's domestic agricultural policy. It does not trench on the share of that market that foreign exporters enjoy and should not be regarded as limiting the scope of commercial negotiations between the United Kingdom and the United States.

7. Article 6 stipulates the tariff treatment that the United Kingdom goods enumerated in Schedule IV will receive on their importation into Canada and provides that, as regards other United Kingdom goods, the duties applicable will not be increased except after enquiry. There are 425 tariff classifications (items and parts of items) in Schedule IV. In 179 of these, the British Preferential rate has been reduced: in the remaining 246, the existing tariff treatment—either free entry or relatively favourable rates of duty—has been bound against increase. In form, Schedule IV of the new Agreement corresponds to Schedule I of the Trade Agreement between Canada and the United States. Its scope is restricted to the tariff treatment of goods enumerated therein and it has nothing to do with the margin of preference which these goods may or may not enjoy.

8. In Article 7, Canada undertakes, within very flexible limitations, on such commodities enumerated in Schedule IV as fulfil two conditions—(a) they must be already dutiable on importation from the United Kingdom *and* (b) they must be of a class or kind not made in Canada, to maintain the existing differential between the preferential and most favoured foreign nation rates. The number of tariff items which satisfy these two conditions is extremely small and the obligation to maintain preferences in respect of this limited class is further qualified by the fact that no fixed margins are

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<sup>1</sup> Voir le doc. 442/see doc. 442.

stipulated so that the Canadian Government remains free in every case to eliminate the margin of preference by abolishing the duties on goods entitled to most favoured foreign nation treatment.

9. Article 8 guarantees the maintenance of fixed margins of preference on commodities dutiable under 91 tariff items which are enumerated in Schedule V. In this Schedule, the number of tariff items, or parts of items, on which Canada is bound, under the Agreement, to maintain specified margins of preference, has been reduced from 220 in Schedule E of the 1932 Agreement to 91, and on 21 of these items, the minimum margin of preference has been itself reduced below the height prescribed in the corresponding Article of the 1932 Agreement.

10. Article 9 is a standard clause in commercial treaties: the complement of Articles 1 and 2, so far as Canadian goods are concerned, and of Article 6 so far as United Kingdom goods are concerned. It protects the free entry or favourable tariff treatment elsewhere provided for in the Agreement against the effects of discriminatory taxes which might not take the form of customs duties.

11. Article 10 is a new Article, reciprocal in form, which gives either Government the right to suspend or modify the preferential margins established in Schedules III or V if it is proved that, behind the shelter of the tariff margin, cartels or combines are exploiting the consumers of the goods protected.

12. Article 11 provides that neither Government will increase its content requirement for preferential treatment beyond fifty per cent without the consent of the other Government. It will safeguard the position of Canadian manufacturers who have been apprehensive that any further stiffening of content qualifications would limit their access to the United Kingdom market, and, by the same token, preserves the equity of the very substantial investment of United States capital in branch factories in Canada and the market those factories provide for semi-manufactured United States goods.

13. Article 12 is intended to take care of the rather complicated situation created by certain tariff protected Canadian manufacturers selling their products free of all duty in the United Kingdom market at prices less than the fair market value of the goods in Canada. The United Kingdom has no dumping duty and generally has no tariff against Canadian manufactured goods. Cases of dumping of Canadian goods have been a powerful talking point of British interests desiring protection against Canadian competition and this Article is designed, primarily, to enable the United Kingdom Government to defend its grant of unrestricted free entry of Canadian goods in Article 1. The procedure contemplated is rather unwieldy, but the Article, which is similar in purpose to Section 17 of the Customs Tariff, will probably be of some deterrent value.

14. Articles 13 and 15 correspond to Articles 8 and 19 of the 1932 Agreement. They provide, on a basis of reciprocity, for the extension to Canada of any tariff preferences accorded by any Colony to any part of the Empire and the grant by Canada to the Colonies now receiving preferential treatment, and to Malta, of the preferences it gives other parts of the Empire.

The special preferences accorded the Colonies in Schedule F and received from the Colonies in Schedule D of the 1932 Agreement are continued in force, as Schedules VII and VI respectively of the new Agreement, pending the termination of the Canada-West Indies Trade Agreement to which they are in large part supplementary. These schedules were not the subject of negotiation in London and will come up for reconsideration in due course with the Canada-British West Indies Agreement.

15. Article 14 provides for the extension of unconditional most favoured foreign nation treatment to the Colonial Empire and to mandated territories under British Mandate. The grant, by Order in Council, of most favoured foreign nation treatment to the British West Indies in November last has already traversed, in anticipation, nine-tenths of the ground covered by this Article.

16. Article 16, which provides for the modification of the terms of the Agreement by mutual consent, and Article 17, which fixes its duration for three years from August 20, 1937, are standard formal clauses which require no comment.

I have etc.

O. D. SKELTON for the . . .

277.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

No. 1

Ottawa, February 23, 1937

Sir,

With reference to Article 16 of the Trade Agreement signed this day, I have the honour to inform you that the Canadian Government, having taken note of the statements of the United Kingdom Government in the course of the recent discussions

(1) that it is essential to the national security that the production of the zinc smelting industry in the United Kingdom should be maintained at a satisfactory level;

(2) that at any enquiry into the question of the effects of imports of zinc from oversea Empire countries on the maintenance of the production of zinc in the United Kingdom at a satisfactory level having regard to the needs of national security, the Canadian zinc producers would have the opportunity of submitting evidence, and

(3) that the Government of the United Kingdom would consult the Canadian Government before taking any decision to impose a customs duty on imports of Canadian zinc into the United Kingdom:

agree that it will be open to the United Kingdom Government, after such enquiry and after consultation with the Canadian Government, and not-

withstanding the provisions of Article 1 of the Trade Agreement, to impose a customs duty on imports of zinc produced or manufactured in Canada, without prejudice however, to the provisions of Article 3 of the Agreement.

It is understood that no customs duty will be imposed on Canadian zinc which is not equally applicable to zinc from other oversea Empire sources.

I have etc.

W. L. MACKENZIE KING

278.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 13

London, February 23, 1937

I was very glad to learn of signature today of new Trade Agreement between United Kingdom and Canada. Not only will Agreement itself be of great value in facilitating trade between the two countries, but its conclusion and still more the manner in which negotiations have been conducted afford yet another example of that spirit of cooperation between the nations of the British Commonwealth which, in these days, is so important a factor in world affairs.

279.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 17

Ottawa, March 1, 1937

Your telegram No. 13 of 23rd February.

My colleagues and I share your confidence in the value to both our countries of the new Trade Agreement and believe it will provide a firm and enduring basis for the development of trade between United Kingdom and Canada. I should like to take this opportunity of thanking you again for the consideration which your Government have shown throughout the negotiations and of expressing our appreciation of the way in which the High Commissioner for the United Kingdom has facilitated their successful conclusion.

280.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 312

London, May 31, 1937

Following for Mr. Euler from Mr. Dunning, Begins: Nash of New Zealand is prepared to return via Canada spending two days at Ottawa, but does not wish to do so unless there is real possibility of advancing Agreement. While I shall have further general conversations with him, I have told him negotiation is in your hands and that you would appreciate his returning via Ottawa. If you could send me a cablegram immediately to indicate to Nash that prospects are good of mutual understanding if he returns that way, I believe it would be helpful. Ends.

281.

*Le ministre du Commerce au ministre des Finances (à Londres)  
Minister of Trade and Commerce to Minister of Finance (in London)*

TELEGRAM

[Ottawa] June 1, 1937

Referring to your cable May 31st would say that I regard present Agreement as satisfactory from our point of view and unless pressed by New Zealand would advise continuance. To that end you might intimate to Nash that two days' stay in Canada too short for discussion and decision. He would probably suggest change in butter situation which would be embarrassing and advisable to avoid if possible. He probably will renew effort to obtain our consent to New Zealand tariff increases at any time in order to provide protection commensurate with high costs consequent on higher wages and reduced hours of labor and to do this without corresponding increases in duties on similar goods from United Kingdom. My letter of November 3rd last to Nash<sup>1</sup> indicated we would not care to make further commitment than to agree to consider carefully sympathetically and immediately any proposals for specific increases which the New Zealand Government might submit.

EULER

<sup>1</sup> Non reproduite/not printed.

282.

*Le ministre des Finances, de la Commercialisation et des Douanes  
de Nouvelle-Zélande au ministre du Commerce*

*New Zealand Minister of Finance, Marketing and Customs  
to Minister of Trade and Commerce*

Ottawa, July 10, 1937

Dear Mr. Euler,

In the course of the discussions carried on during the past two days respecting the question of extending the Trade Agreement between Canada and New Zealand, which under present arrangements will terminate on September 30th next, I pointed out that as a result of the general adoption in New Zealand of the forty hour week and the restoration of wages and conditions of labour to the level obtaining in 1931, costs of production are increasing in many New Zealand industries. Consequently, it has become necessary to consider steps to safeguard the interests of certain New Zealand manufacturers exposed to competition from imported goods.

In the time at my disposal it may not be practicable to negotiate a new Trade Agreement to take the place of the present Agreement. I wish to propose, however, that the Canadian Government concur in the under-mentioned modifications in the application of Articles II and VII governing rates of duty applicable to Canadian goods on importation into New Zealand.

Article II provides that goods produced or manufactured in Canada not enumerated in Schedule B to the Agreement shall be accorded the benefits of the British Preferential Tariff. It is proposed that this provision be regarded as modified to provide that, if the New Zealand Government is satisfied that costs of goods produced by any economic and efficiently conducted New Zealand industry have risen to such an extent that the industry concerned is no longer in a position to compete with similar goods produced or manufactured in Canada, the New Zealand Government may, without prior notice increase the duty applicable to such Canadian goods, without increasing the rate under the British Preferential Tariff, provided however that in any case the margin of preference enjoyed by Canadian goods over goods produced or manufactured in foreign countries shall be maintained. The new rate which would become applicable would not, however, be higher in any case than sufficient to maintain the competitive position between Canadian and New Zealand goods existing prior to the increased costs of the New Zealand manufacturer becoming effective.

For the same reasons, and subject to the same procedure, I should like also to request your Government to concur in waiving the three months' notice provided in Article VII of the Agreement in order that, if necessary, the New Zealand Government may increase the rates of duty on goods enumerated in Schedule B to the agreement.

The procedure to be followed by the New Zealand Government under this arrangement would be as follows:

1. On representations by a New Zealand manufacturer that his trade is being adversely affected in competing with imported goods by the application of the policy of increased wages and decreased hours of labour the Government will arrange for a special committee to report as to whether the representations justify an increase in the protection accorded to the industry under the tariff.

2. If New Zealand considers that an increase in the rate of duty is justified, notification giving full details respecting the amendment will be furnished to the Canadian Government. Duties will be amended simultaneously with the dispatch of the notice.

3. Any representations which the Canadian Government may make against the amendment of the duty will receive full consideration. If, as a result of such representations it is considered that no modification should have been made appropriate steps will be taken immediately.

In conclusion I wish to state that, if your Government is prepared to accept the above-mentioned proposals and to accord to goods the produce or manufacture of New Zealand imported into Canada the concessions set forth in the attached list,<sup>1</sup> the New Zealand Government will be prepared to extend the present Agreement for a further period of twelve months from September 30th next. In the meantime it is understood that negotiations would be undertaken by the two Governments looking to the conclusion of a new Trade Agreement.

I should be grateful if you would inform me whether your Government concur in the above-mentioned proposals.

Yours sincerely,

WALTER NASH

283.

*Le ministre du Commerce au ministre des Finances,  
de la Commercialisation et des Douanes de Nouvelle-Zélande*  
*Minister of Trade and Commerce to New Zealand Minister of Finance,  
Marketing and Customs*

[Ottawa] July 15, 1937

PERSONAL

Dear Mr. Nash,

I am forwarding to you under separate cover a letter constituting the Canadian Government's reply to your letter of July 10th, respecting the extension, with certain modifications, of the Trade Agreement between Canada and New Zealand. The reductions in duty accorded to New Zealand

<sup>1</sup> Non reproduite/not printed.

products may give rise to a certain amount of criticism here and accordingly I should be grateful if you would consider the arrangement confidential until the end of September.

I trust this is in accord with our discussions in Ottawa and our subsequent telephone conversations, and should be glad to have your acknowledgment.

Yours truly,

W. D. EULER

284.

*Le ministre du Commerce au ministre des Finances,  
de la Commercialisation et des Douanes de Nouvelle-Zélande*

*Minister of Trade and Commerce to New Zealand Minister of Finance,  
Marketing and Customs*

[Ottawa] July 15, 1937

Dear Mr. Nash,

I wish to acknowledge the receipt of your letter of July 10th, in which you set forth proposals for extending for twelve months from September 30th next, the Trade Agreement between Canada and New Zealand, and to inform you that the Canadian Government is prepared to concur in the proposals set forth therein with respect to Articles II and VII. Moreover, the Canadian Government will, on October 1st next, reduce the rates on fresh lamb and mutton, the produce of New Zealand, from three to one-half cents per pound, and will accord free entry to Canned meats, hops, canned whitebait and crayfish, and infants' foods, the produce or manufacture of New Zealand. Subject to the concurrence of the other Governments of the Commonwealth concerned, the Canadian Government will accord a rate of five per cent ad valorem on edible gelatine, the produce or manufacture of New Zealand.

Similarly, it is understood that the Canadian Government, on its part, may modify the application of Articles I and VII of the Trade Agreement by increasing the rates of duty on New Zealand products sufficient to maintain the competitive position between Canadian and New Zealand products.

Yours truly,

W. D. EULER

285.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Nouvelle-Zélande*

*Secretary of State for External Affairs  
to New Zealand Prime Minister*

TELEGRAM 9

Ottawa, September 15, 1937

Following for Hon. Walter Nash, Minister of Finance, from Hon. W. D. Euler, Minister of Trade and Commerce, Ottawa. Begins: In my letter of



July 15th to you at New York, the Canadian Government agreed to proposals in your letter to me of July 10th. On July 17th<sup>1</sup> you acknowledged receipt of said letter and stated that you would communicate with me by cable immediately upon your return to New Zealand.

No further communication has been received and as time is near at hand when we should give effect by Order-in-Council to concessions made to New Zealand and as both Governments should extend agreement as arranged, I would appreciate immediate confirmation of arrangement.

Prolonged absence of Minister of Agriculture has made final consideration of butter question so far impossible but the matter is not being overlooked. Ends.

286.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, September 17, 1937

Your telegram 15th September. Following for Honourable W. D. Euler, Minister of Trade and Commerce, from Honourable Walter Nash, Minister of Marketing, Begins:

My despatch July 17th. Have delayed communicating with you pending the receipt of your reply respecting admission of New Zealand butter as requested in my letter same date. Before public announcement of extension of Agreement I am particularly anxious to have information that an arrangement reasonably satisfactory to this Dominion can be made regarding butter. Would be glad also to learn whether you are in a position to advise further respecting edible gelatine and also quantity of hides, vide my letter July 14,<sup>1</sup> see also my telegram 10th September<sup>1</sup> respecting grading. Schedule submitted by you has been carefully examined. Request No. 5, duty on rubber footwear, will be considered when trade with Japan is under review. Requests Nos. 6 and 8, preference on logs and flour, will be met immediately by increasing duty on foreign imports. Request No. 9 granted. Other requests affect New Zealand industries and in view of necessity for extending employment here regret cannot be acceded to. Would be glad of your reply at the earliest possible date in order that arrangements may be finalised to enable simultaneous announcement Canada and New Zealand on or before October 1st. Ends.

SAVAGE

<sup>1</sup> Non reproduits/not printed.

287.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Nouvelle-Zélande  
Secretary of State for External Affairs  
to New Zealand Prime Minister*

TELEGRAM 10

Ottawa, September 23, 1937

Your telegram of the 17th September. Following for the Honourable W. Nash, Minister of Finance, from the Honourable W. D. Euler, Minister of Trade and Commerce. Begins:

Your telegram September 17. It was my understanding that the subject of butter was to be discussed between us during the ensuing months and that satisfactory solution of this question was not necessarily a condition to the extension of existing agreement. The Canadian Government however have now considered question of admission of New Zealand butter and are prepared to cancel Order-in-Council of April 5, 1933, imposing anti-dumping duty on butter imported into Canada from New Zealand provided your Government are prepared to give an undertaking that the exportation of butter from New Zealand to Canada will be permitted only when the Canadian Government gives notice that there is a shortage of butter in Canada and then not exceeding the quantities which will be specified in said notice.

With regard to edible gelatine, Canadian Government is prepared to extend to New Zealand the rate of duty on this product of 5 per cent ad valorem.

Regret that am unable to give any undertaking with respect to hides. It was not intended that the Government should make any commitments regarding the quantity of hides imported from New Zealand. I merely offered to take up question with Canadian tanners with view to seeing what could be done to arrange for them to purchase a larger quantity of hides from New Zealand. Suggest that you have your Trade Commissioner carry on further discussions with Canadian tanners to whom I have transmitted contents of your telegram of September 10 and which I think will be satisfactory.

I note your inability to grant our requests for more favourable tariff treatment of Canadian products imported into New Zealand, except in regard to requests Numbers 6, 8 and 9.

The Canadian Government welcome the assurance to Canada of the lowest rates of duty granted to like products imported from any foreign country.

With regard to preferences on logs and flour it was not our intention to request increases in duties on imports from foreign countries since we believed that the rates of duty on these products were sufficiently high to permit New Zealand to grant the preferences requested by means of reductions in the

British Preferential rates. If you are unable to accord Canada preferences on logs and flour by means of reductions in the British Preferential rates, we desire to withdraw our requests in relation to these products since Canada does not seek additional preferences by means of increases in duty against imports from foreign countries.

Will be glad to have your reply at an early date so that arrangements may be completed for the extension of the existing Agreement for a further twelve months period and for the granting to New Zealand of the reductions in the rates of duty on New Zealand products specified in my letter to you of July 15. Ends.

288.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, September 27, 1937

Your telegram 23rd September. Following for Honourable W. D. Euler, Minister of Trade and Commerce, from Honourable Walter Nash, Minister of Customs, Begins:

Your telegram September 23rd. Appreciate consideration you have given to matters raised in my telegram 17th September. I agree with your understanding of position regarding discussion re butter, namely, that it was not intended this should necessarily affect extension of Agreement. Having regard to your difficulty I appreciate proposal made by you to admit New Zealand butter under the conditions mentioned. It is feared, however, that any measures which may have effect of prohibiting entry to your market would have serious repercussions here. It is desired therefore that some understanding should immediately be reached regarding a definite minimum quantity to be admitted. Presumably you are now in a position to determine probable quantity of butter required to be imported during the coming winter having regard to present position respecting production and stock. I should be glad, therefore, if you could now agree to admission of a reasonable minimum quantity of New Zealand butter during forthcoming winter months. You could be assured of the co-operation of my Government in arranging deliveries to suit your wishes. I am satisfied that if a satisfactory arrangement could be reached on this basis it would do much to appease criticism here of present position of trade between our two countries. Your reply by Wednesday next to the effect you can come to such an arrangement would be greatly appreciated and would facilitate advocacy for extension of Agreement. Regarding hides, your interpretation of discussion is correct. It is not suggested that

Canadian Government should make any commitments respecting quantity to be imported. I had hoped, however, that as a result of your representations to Canadian tanners in accordance with offer made during our negotiations which was much appreciated, it might have been possible to indicate that an increase in purchases to figure mentioned in my despatch 14th July<sup>1</sup> could be anticipated. As suggested, the Trade Commissioner will follow up the matter with tanners and I am glad you feel their discussions will be satisfactory. Appreciate decision regarding edible gelatine. With respect to your request for preference for logs and flour by means of reduction of duties it is regretted preference cannot immediately be accorded in this matter in respect of logs without fuller consideration and consultation with local industry. I will communicate with you later in the event of its being found possible to meet your request. With respect to flour, position is that under sliding scale no duty would, in any case, be payable at present under high level of prices ruling. Owing to basis upon which sliding scale of duty is framed it would be difficult to provide for reductions in duty without creating complications. Consideration will, however, be given to your request when this tariff item is next under review. Steps will be taken to extend Agreement for a further 12 months, public announcement will be made here on morning of Friday October 1st. Ends.

SAVAGE

289.

*Mémorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

September 28, 1937

Herewith are eight Recommendations to Council incorporating the results of the commercial negotiations that have been carried on this summer with Australia and New Zealand, and clearing up some matters arising out of the Trade Agreement with the United Kingdom.

1. Granting Australia—as from October 1st—certain lower rates of duty already agreed to by Council.
2. Extending to Papua and Norfolk Island (Australian colonial possessions) the same tariff treatment as is accorded Australia.
3. Extending to Nauru—(under Australian Mandate) the benefits of the British Preferential Tariff—already enjoyed by New Guinea the other Australian Mandate.
4. Extending the New Zealand Trade Agreement for one year of [*sic*] the 1st October.

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> Au Premier ministre/for Prime Minister.

5. Granting New Zealand as from October 1st certain lower rates of duty already agreed to by Council.

6. Granting the British Preferential Tariff to Malta in accordance with the undertaking in Article 13 of the Canada-United Kingdom Trade Agreement.

7. Granting most favoured foreign nation treatment to British non self governing Colonies and Mandated territories in accordance with the undertaking in Article 14 of the Canada-United Kingdom Trade Agreement. N.B. recommendations 6 and 7 are intended to clarify certain administrative difficulties anticipated by the Department of National Revenue in applying the provisions of the Trade Agreement.

8. Granting the British Preferential Tariff to Gilbert and Ellice Islands and the British Solomon Islands Protectorate. These Islands in the Pacific already give Canadian goods Preferential treatment—though trade with them is very small. The United Kingdom asked during the recent negotiations that they be granted the benefits of the British Preferential Tariff—but they were not thought sufficiently important for separate mention in the Trade Agreement.

290.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Nouvelle-Zélande  
Secretary of State for External Affairs  
to New Zealand Prime Minister*

TELEGRAM 12

Ottawa, September 30, 1937

Your telegram September 27th. Following for Honourable W. Nash from Honourable W. D. Euler, Begins:

Regret that it is not possible for me to give a favourable reply to your proposal regarding butter because Department of Agriculture advises that there will be no shortage of butter in Canada this season and that probably there will be a surplus available for export. Under these circumstances you will appreciate that it is not possible for Canadian Government to give any commitments with regard to the importation of butter from New Zealand.

Orders-in-Council have been passed extending existing Trade Agreement for a further period of twelve months up to September 30th, 1938, and granting reductions in duties on New Zealand products as agreed upon in our exchange of communications. Public announcement to this effect will be made in morning papers of October 1st. Ends.

291.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, October 8, 1937

Your telegram September 30th. Following for Honourable W. D. Euler from Honourable W. Nash, Begins:

Position regarding butter noted. In the circumstances it is improbable that proposal made your telegram 23rd September would be effective in permitting admission of New Zealand butter, in fact small trade now enjoyed under existing adverse conditions would probably be sacrificed. Position is therefore unsatisfactory and, while recognising your difficulties, I hope some reasonable solution of problem may yet be found. Ends.

SAVAGE

292.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, December 11, 1937

My telegram 9th September.<sup>1</sup> I am advised that there is now definite shortage of Canadian butter. Information suggests Canadian market might absorb up to 100,000 boxes New Zealand butter during January, February, without detriment to your producers. Will you agree to admit this quantity without dumping duty provided purchased your importers prior to shipment. Kindly reply urgently.

SAVAGE

293.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, January 21, 1938

Following for Minister of Trade and Commerce, Begins: Your telegram of the 18th January<sup>2</sup> and Collins' telegram January 13th.<sup>2</sup> Appreciate your

<sup>1</sup> Note marginale/marginal note: "8 Oct.?".

<sup>2</sup> Non reproduits/not printed.

decision admitting 25,000 boxes of butter without dumping duty and to extend this quantity if market conditions permit. Position is, however, that following quantities already booked with Canadian importers shipment "Aorangi", due Vancouver, February 11th, 10,200 boxes; "Surrey", due Halifax, March 23rd, 30,000 boxes. Many enquiries received for additional quantities "Surrey" and also "Niagara", due Vancouver, March 11th. Desire place further 10,000 boxes "Surrey" and 10,000 boxes "Niagara", but in view of possible complications no commitments are being made pending finality regarding dumping duty. It is probable in view of stock position and dates of arrival of New Zealand shipments that you could now agree to admit quantities mentioned, namely, "Aorangi", 10,200 boxes; "Niagara" 10,000 boxes and "Surrey", 40,000 boxes. My Government would greatly appreciate a decision accordingly, in which case shipments would be limited to those quantities unless it was found, after consultation with you, that conditions warranted further shipments. Would be grateful for early reply.

SAVAGE

294.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Nouvelle-Zélande  
Secretary of State for External Affairs  
to New Zealand Prime Minister*

TELEGRAM 3

Ottawa, January 26, 1938

Following from Minister of Trade and Commerce. Begins: Your telegram of January 21st advising of shipments of butter to Canada in excess of 25,000 boxes has caused great embarrassment. Quantities booked with Canadian importers bound to have unfavourable influence on Canadian price level. Our offer regarding exemption from dumping duty was conditional upon not more than 25,000 boxes being shipped and Canadian Government feel that no further concession can be granted at this time. Ends.

295.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures  
New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, February 11, 1938

Your telegram 29th January.<sup>1</sup> Following from the Minister of Customs for Minister of Trade and Commerce, Begins:

The present position with reference to butter supplies is that 15,000 boxes have been shipped "Aorangi" for Vancouver and 10,000 boxes will

<sup>1</sup> Non reproduit/not printed.

be shipped to same port by "Niagara" next week. You have agreed to admit 25,000 boxes free of dumping duty. 30,000 boxes have been loaded for export per "Surrey" due for arrival Halifax March 23rd. We are hoping that you will admit this consignment also free of dumping duty. We are now advised that our London agents have offers from Canadian buyers for shipments of New Zealand butter ex London stocks and we are desirous of obtaining your acquiescence before authorizing sales. Presume that you have no objection to such shipments. It will be understood that in any case it would be difficult to exercise control over butter after it had been sold by our agents in London and such butter might be re-sold to Canadian buyers. Would appreciate immediate reply.

SAVAGE

296.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, February 15, 1938

CONFIDENTIAL. Following for Honourable Euler, Minister of Trade and Commerce, from Honourable Nash, Begins:

With reference to arrangements made in July last for application of increased duties to safeguard the interests of New Zealand manufacturers whose competitive position is found to be adversely affected by increased costs, my Government, after much consideration, now find it necessary to increase tariff in respect of a number of items. The question of increasing the duty on goods imported from Australia has been discussed with the Australian Government who have agreed to proposals affecting immediate increases in respect of certain items, subject to simultaneous action being taken to preserve competitive position between Australian goods and those produced in other Empire countries (excluding the United Kingdom) from which they are imported into New Zealand.

Following are items concerned in respect of which it is desired to increase duty on imports from Canada, the rate shown being in following order, namely, Australia present, proposed, Canadian present rate including surtax, proposed rate exempt from surtax.

Tariff item No. 63, 30% 35% 24½% 30%, No. 136 (2) (3) and (5) 20% 40% 24½% 40%, No. 136ex (4) leather gloves 20% 40% 24½% 40%, No. 136 (6) 25% 40% 30½% 45%, No. 136 (7) 25% 40% 30½% 45%, Canadian silk and art silk hosiery 39.8% 55%, No. 164 20% 40% 24½% 40%, No. 170 20% 40% 24½% 40%, No. ex180 knitted piece goods or silk or art silk 3% 10% 3% 10%, No. ex196 footwear N.E.I. 35% 40% or 4 shillings per pair whichever higher 24½% 30% or 3s.9d. per pair whichever higher, slippers 35% 40% 24½% 30%. It is proposed in



this case to increase British Preferential Tariff rates including United Kingdom in respect of boots and shoes from 20% to 25% or 3 shillings per pair whichever higher, and in respect of slippers from 20% to 25%. If you desire, duty on Canadian boots and shoes could be fixed at 25% plus surtax or 3 shillings per pair plus surtax whichever higher and slippers at 25% plus surtax, but it is thought you would prefer duty to be fixed to include surtax. No. ex199 hose tubing or piping wholly of rubber 3% 15% 3% 15%, No. 200ex (4) hides leather crusted or rough tanned but undressed 5% 20% or 3d. pound whichever higher, 6½% 20% or 3d. pound whichever higher, No. 200 (6) except patent leather 3% 20% 3% 20%, No. 200 (8) 15% or 3d. pound 20% or 3d. pound 18½% or 3s. 6d. per pound 20% or 3d. pound, No. 268 20% 30% 24½% 30%, Nos. 297, 303, 304 and 305 20% 30% 24½% 30%, No. ex310 washers wholly of rubber 3% 15% 3% 15%, No. ex331 lawn mowers hand roller type 20% 30% 24½% 30%, No. 334ex (2) milking machine parts wholly of rubber 3% 15% 3% 15%, No. 338ex (1) (a) storage batteries including parts thereof, free 20% free 20%, No. 338 (3) free 10%, No. 338 (9) (a) 3% 20% 3% 20%, No. 338 (9) (b) 10% 15% 3% 15%, No. 338ex (10) electric irons 20% 30% 24½% 30%, No. 353 (4) 10% 30%, 12½%, 30%, No. 353 (5) 15% 30% 18½% 30%, No. 353 (6) 20% 30% 24½% 30%, No. 356 (1) excluding pumps or mechanical units for pumps of type used for "vending" petrol 20% 30% 24½% 30%, No. 397 (2) (3) and (4) 15% 25% 18½% 25%, No. 407 (2) 25% or 4 shillings per door 35% or 6 shillings per door 26½% or 4 shillings 2½ pence per door 35% or 6 shillings per door, No. 414 excepting veneer and plywood 20% 30% 24½% 30%, No. ex449 rubber (not including sponge rubber) in sheets, strips, cords or channels being composed wholly of compounded or vulcanized rubber also all articles N.E.I. wholly of rubber 3% 15% 3% 15%.

Your Government will doubtless appreciate proposal exempting items in question from surtax. It is proposed except with respect to item No. 136 (4) to increase General Tariff rate and this will have effect of preserving and in most cases increasing present margin between General Tariff and rate on Canadian goods. Regarding item No. 136 (4) leather gloves, these are practically all imported from foreign countries enjoying most favoured nation rate of 40% provided under New Zealand and Belgium Trade Agreement. It is proposed to endeavour to arrange deletion of this item from that Arrangement in so far as it applies to such gloves and these will then be liable to 61½% under General Tariff. With respect to item No. 338 (9) (b) it is desired to apply rate of 30% to Canadian wireless sets in cabinet in order to allow for margin of 10% between such sets and those not in cabinet which is considered necessary as a protection to cabinet making industry in New Zealand. It is proposed to increase total foreign rate in respect of this item from 55½% to 79½% and in respect of sets not in cabinets from 42½% to 61½%.

Having regard to number of items involved my Government has not availed itself of arrangements made with you last year to apply increased

duties. It is felt, however, that as competitive position of Canadian goods in relation to those of Australian and foreign manufacture will not be detrimentally affected, your Government will find no great difficulty in agreeing to proposals. My Government desire to impress upon your Government the serious position in which New Zealand manufacturers are placed and particularly position regarding unemployment which calls for urgent treatment of question.

The matter is of such urgency that it is desired your Government will advise of agreement to proposals and an immediate reply would be very greatly appreciated.

SAVAGE

297.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Nouvelle-Zélande  
Secretary of State for External Affairs  
to New Zealand Prime Minister*

TELEGRAM 6

Ottawa, February 19, 1938

Your telegrams 11th and 15th February. Following from Minister of Trade and Commerce for Minister of Customs, Begins:

The situation respecting regulations pertaining to imports of butter from New Zealand still unchanged. Department of National Revenue are arranging that exemption from dumping duty applicable to 25,000 boxes shall be prorated among all shipments purchased on firm order before February 1 and imported and entered for consumption before April 1. Acquiescence of Canadian Government for imports from United Kingdom not required, but such importations are, of course, subject to the British Preferential rate of 8 cents per pound, less a discount of 10 per cent.

We realize the whole butter situation mutually unsatisfactory. We note also your proposal to increase rates of duty on some forty items affecting very substantial imports into New Zealand from Canada. While making no emphatic protest we feel that the proposals are not entirely in accord with the arrangement concluded last July that increases in duty would only be made if New Zealand manufacturing costs are increased by reason of higher wages or shorter hours of work. With respect to boots and shoes we would prefer that increased British Preferential rates should apply to imports from Canada rather than the first alternative rates proposed in your telegram.

Canadian Government hopes to resume negotiations at an early date for definite settlement of the difficulties which have arisen in connection with butter.

298.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, February 28, 1938

Your telegram February 19th. Following from Minister of Customs for Minister of Trade and Commerce, Begins:

My Government are grateful for your prompt reply to my telegram 15th February regarding proposal to increase duty on certain goods and appreciate attitude adopted by your Government toward proposals. Your request respecting boots and shoes will be granted. Arrangements have been completed to bring proposals into operation on Tuesday, March 1st, prior to which it is desired they remain confidential. Ends.

SAVAGE

299.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud*

*Secretary of State for External Affairs  
to South African Minister of External Affairs*

DRAFT TELEGRAM

Ottawa, April 28, 1938

With reference to the telegrams<sup>1</sup> exchanged between our two Governments respecting such modifications of margins of preference in the United Kingdom as were required to facilitate the conclusion of a commercial agreement between the United Kingdom and the United States of America, my Government have now been advised that as part of the new trade agreement which it is hoped to negotiate between Canada and the United States, the latter will seek a reduction in the Canadian tariff on a number of commodities on which the most favoured foreign nation rate is now bound against decrease by the terms of trade agreement in force between Canada and other countries of the Commonwealth.

2. In as much as all of the commodities listed in Schedule A of the Canada-South Africa Trade Agreement on which the United States is seeking a reduction in duty are already admitted free of duty from South Africa, it will not be possible for the Canadian Government to meet these United States requests unless your Government will consent to appropriate modifications of the guaranteed margins of preference on the commodities in question.

<sup>1</sup> Non reproduits/not printed.

3. The items of the Canadian tariff listed in Schedule A of the Canada-South Africa Trade Agreement on which the United States is requesting a reduction of duty and the new rates which they seek to have apply to United States goods are as follows:

55	Indian corn n.o.p.	10 cents per bushel
92 (d)	Fresh peaches	10 p.c.
92 (e)	Fresh pears	10 p.c.
92 (f)	Fresh plums or prunes	10 p.c.
92 (i)	Fresh quinces and nectarines	10 p.c.
93	Fresh apples	10 p.c.
94	Fresh grapes	10 p.c.
95	Cantaloupes and musk melons	10 p.c.
99a	Plums or prunes dried	$\frac{1}{2}$ cent per pound
99c	Raisins or currants	2 cents per pound
99g	Dried apricots, nectarines pears and peaches	12 $\frac{1}{2}$ p.c.
101	Oranges	Free
152	Orange lemon and passion fruit juices	12 $\frac{1}{2}$ p.c.

4. We are, therefore, bringing these requests from the United States immediately to your attention, and should be glad to learn your Government's views and to discuss the situation fully with you as soon as you have had an opportunity of examining it.

5. Although the matter does not arise out of the present negotiations and has not therefore the urgency of the foregoing requests, the Canadian Government would be glad to learn whether your Government would be willing to relinquish the margins of preference on molasses products guaranteed on tariff items 136, 136a, 137, 139 and 140. We hope shortly to be in a position to negotiate a Trade Agreement with Cuba which is the principal exporter of molasses products and would like to be able to offer some reduction in duty on these items under which there have been no imports from South Africa since the conclusion of the Agreement of 1932.

300.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures d'Australie*

*Secretary of State for External Affairs  
to Australian Minister for External Affairs*

TELEGRAM 6

Ottawa, May 3, 1938

SECRET. With reference to the telegrams<sup>1</sup> exchanged between our two Governments respecting such modifications of margins of preference in the United

<sup>1</sup> Non reproduits/not printed.

Kingdom as were required to facilitate the conclusion of a commercial agreement between the United Kingdom and the United States of America, my Government have now been advised that as part of the new trade agreement that it is hoped to negotiate between Canada and the United States the latter will seek a reduction in the Canadian tariff on a number of commodities on which the most favoured foreign nation rate is now bound against decrease by the terms of trade agreements in force between Canada and other countries of the Commonwealth.

2. The items of the Canadian tariff listed in Schedule A of the Canada-Australia Trade Agreement on which the United States is requesting a reduction of duty and the new rates which they seek to have apply to United States goods are as follows:

92(a)	Fresh apricots	10 p.c.
92(e)	Fresh pears	10 p.c.
92(i)	Fresh quinces and nectarines	10 p.c.
94	Fresh grapes	10 p.c.
99a	Plums or prunes dried	$\frac{1}{2}$ cent per pound
99c	Raisins and currants	2 cents per pound
99g	Dried apricots nectarines, pears and peaches	12 $\frac{1}{2}$ p.c.
101	Oranges	Free
152	Orange lemon and passion fruit juices	12 $\frac{1}{2}$ p.c.

3. In as much as all of the commodities listed in Schedule A of the Canada-Australia Trade Agreement on which the United States is seeking a reduction in duty are already admitted free of duty from Australia, it will not be possible for the Canadian Government to meet these United States requests unless your Government will consent to appropriate modifications of the guaranteed margins of preference on the commodities in question.

4. These requests from the United States have already been communicated informally to your Trade Delegation while they were in Washington. We should be glad to learn your Government's views as to what action might be taken towards meeting them.

5. It is understood here that the United States Government have advised the Commonwealth Government that they will seek to have certain margins of preference now enjoyed by Canadian goods on their importation into Australia modified as part of a Trade Agreement between the United States and Australia. We should be glad to learn what Canadian products are included in these requests.

301.

*Le premier ministre d'Australie au secrétaire d'État  
aux Affaires extérieures*

*Australian Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Canberra, May 13, 1938

With reference to your telegram, my Government have been advised by the United States Government that in any negotiations for a Trade Agreement with Australia, the United States would seek concessions in respect to the following Australian tariff items:

- (1) parity with Canada at existing Canadian rates item 359 (d) (4);
- (2) parity with Canadian present rate to United States as maximum ex item 169 (a) (2) typewriters including covers and parts;
- (3) parity with Canada (the rate of duty evidently to be at discretion of Commonwealth Government). Item 169 (a) (3), item 169 (b). Ex item 219 (b) and (c) axes and hatchets and similar tools; saws, including saw blades for hand tools; files and rasps. Item 291 (i) (1), item 293 (a), item 302. Ex item No. 51 (c) (1) red and silver salmon;
- (4) Reducation [*sic*] of rate and parity with Canada. Ex item 291 (h) (1) Douglas fir, item 291 (h) (2).

You will observe in foregoing list the following items only are included in Schedule "B" of Australian and Canadian trade, viz. item 359 (d) (4), item 51 (c) (1), item 291 (h) (1) and (2), item 291 (i) (1), item 293 (a), the foregoing list includes all the items where the United States have specifically raised the position of Canada.

The United States have also requested the amount of inland freight in the calculation of value for duty of any United States products upon which Australian duties are levied shall not be greater than amount of inland freight upon such products from point of origin to nearest point of departure from United States. This request may ultimately involve reconsideration of Article IV of Australia-Canada Trade Agreement. It would be appreciated if in advising me you would indicate your Government's views upon the request made by the United States to Australia.

You will understand that as Australia has not up to the present been able to enter into negotiations with the United States and has had no opportunity of discussing individual items, the list we have furnished to you may not be exhaustive. It is important too that we should point out in conveying to you the United States request to Australia we are not at this stage making any formal request to you.

The Commonwealth Government would be glad to be advised whether the Canadian Government have received a request from the United States

for tariff or other concessions on commodities in which Australia is interested as an exporter to Canada but in respect of which the Canadian Government do not regard themselves as bound by any formal obligations to Australia. If there are any such requests my Government would be obliged if you could furnish particulars of them.

Unless Australia is able to conclude a Trade Agreement with United States it would be quite impracticable for Commonwealth Government to make any further concessions in favour of United States products in any Empire market in which Australian commodities are at present granted preferential treatment in accordance with terms of existing Trade Agreements.

302.

*Le ministre des Affaires extérieures de l'Afrique du Sud  
au secrétaire d'État aux Affaires extérieures  
South African Minister of External Affairs  
to Secretary of State for External Affairs*

TELEGRAM 10

Pretoria, June 13, 1938

SECRET. Your telegram of the 3rd May.<sup>1</sup> Union Government does not desire to stand in the way of negotiations between Canada and the United States. Union Government consequently concurs in proposed amendment of preferences in respect of 92 (i) fresh quinces and nectarines, 93 fresh apples, 95 cantaloupes and musk melons, 99A dried plums and prunes, Ex99g dried nectarines, pears, peaches, and Items 136, 136A, 137, 139 and 140 molasses products.

Union Government, however, attaches great importance to existing preferences in respect of other products and would view reduction of duty on these products in favour of United States with grave concern. Following comments might enable Canadian Government to appreciate attitude of Union Government.

55 Indian corn n.o.p. United States has during recent years on balance been importing country and would consequently appear to be less interested in this product which is of particular importance to the Union. Union also expects to supply Canadian market in the future with greater regularity under maize marketing arrangement now being brought into force.

92 (d) fresh peaches, 92 (e) fresh pears, 92 (f) fresh plums or prunes, 94 fresh grapes.

United States is not supplying during Union's export season, and reduction of preferences would mainly result in increased competition from South

<sup>1</sup> Non reproduit—le doc. 299 était probablement la base de ce télégramme.  
Not printed—doc. 299 was probably the basis of this telegram.

America. Moreover, in developing exports to Canada of these products the Union was severely handicapped by the lack of suitable shipping facilities. There is every possibility that improved shipping facilities will be available from next season onward which will enable the Union to make use of these preferences. Lastly, control of fruit exports is contemplated which would further facilitate regular supplies to Canada. Consequently sacrifice of preferences particularly at this juncture would be embarrassing.

99 (c) Raisins and currants and Ex 99 (g) dried apricots. These preferences have been of very material benefit and the proposed reduction would jeopardize the Union's exports to Canada.

101 Oranges. The Union Government prepared to agree to restrict the existing preference to the period of August 1st to November 30th. See also above remarks in regard to shipping and regular supplies.

152, oranges, lemons and passion-fruit juice. Understand that question of Canadian food regulations which severely restricted imports from Union has now been settled and great importance is therefore attached to maintenance of existing marginal preference.

Union Government wishes to point out that any sacrifices they are required to make in the interests of proposed Canadian-American Agreement will naturally be taken into consideration when Union-Canadian Agreement is revised.

303.

*Le premier ministre d'Australie au secrétaire d'État  
aux Affaires extérieures*

*Australian Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Canberra, June 17, 1938

My telegram 13th May. Further details of concessions desired by the United States Government have been received. Following United States requests on items affecting Canada are supplementary to those already supplied:

Item 219 (a) and (b) tools of trade other than axes, hatchet[s], etc.—parity with Canada and binding at maximum rate of 55% and 45% respectively.

Ex item 291 (h) (1) Douglas fir, parity with Canada and binding at maximum rate of 8 shillings per hundred super feet.

Item 291 (h) (2) parity with Canada and binding at maximum rate of 9 shillings 6 pence per hundred super feet.



304.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud*

*Secretary of State for External Affairs  
to South African Minister of External Affairs*

TELEGRAM 12

Ottawa, June 25, 1938

Canadian wheat exporting interests state that permits for importation of Canadian wheat into Union of South Africa are being refused, while permits are being granted for Australian and Argentinian wheat, thereby giving rise to discrimination and nullifying preference granted under Trade Agreement of 1932. While exports of Canadian wheat to the Union have been comparatively small since 1934, and while Canadian Government would be reluctant to cause any embarrassment in administration of your wheat import regulations, wheat is so important a Canadian export product that we are anxious to maintain principle of non-discrimination in export markets, and trust that, in administration of your regulations, Canadian wheat will not be excluded from participation in Union market.

305.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre de Nouvelle-Zélande*

*Secretary of State for External Affairs  
to New Zealand Prime Minister*

TELEGRAM 12

Ottawa, July 6, 1938

Following for Hon. Walter Nash from Hon. W. D. Euler, Begins: Replying to your letter June 3rd<sup>1</sup> difficulties connected with butter very great but I now suggest that Canadian Government remove exchange dump thus making definite rate of five cents a pound with renewal of present Agreement for another year. Also hope our position in New Zealand market be not further prejudiced by tariff increases. Will appreciate early reply. Ends.

306.

*Le ministre des Affaires extérieures de l'Afrique du Sud  
au secrétaire d'État aux Affaires extérieures*

*South African Minister of External Affairs  
to Secretary of State for External Affairs*

TELEGRAM 12

Pretoria, July 9, 1938

Your telegram 25th June, No. 12, re importation of wheat. Union Government wish to assure the Canadian Government that there has been no dis-

<sup>1</sup> Non reproduite/not printed.

crimination whatsoever against Canadian wheat. In order to reduce price of flour and bread to reasonable level, Government agreed to pay millers maximum subsidy of £300,000. Revenue for this purpose derived from duty on imported wheat. This amount of revenue can be obtained only if wheat is imported from the cheapest market which at the moment happens to be Australia. In order to ensure that sufficient duty is collected, importation from other countries whose wheat is more expensive, such as Argentine and Canada, can be permitted only on condition that miller concerned agrees that his subsidy payable in terms of agreement is reduced by amount which price c.i.f. of more expensive wheat exceed[s] price c.i.f. South Australian wheat. Small quantity of Argentine wheat imported on these conditions. Secretary of Agriculture and Forestry fully explained matter to your Trade Commissioner, Johannesburg.

307.

*Le secrétaire d'État aux Affaires extérieures  
au premier ministre d'Australie*  
*Secretary of State for External Affairs  
to Australian Prime Minister*

TELEGRAM 12

Ottawa, July 20, 1938

SECRET. Reference my telegram of May 3 and yours of May 13:

(1) The Canadian Government have deferred any request for reconsideration on the part of your Government of the United States requests for modification of margins of preference bound in favour of Australia, pending clarification of the status of direct trade negotiations between the Commonwealth Government and the United States. It is our understanding that such direct negotiations will not take place within the next few months. In these circumstances, and after ascertaining the attitude of the Union of South Africa in respect of those margins of preference which are guaranteed in favour of both the Commonwealth and the Union, we have advised the United States Government that we cannot now ask you to entertain certain requests for modification of margins transmitted in my telegram of May 3, which would undoubtedly have affected substantial Australian export interests and might have been regarded as undermining the Canadian-Australian Trade Agreement

(2) As regards the fresh fruits mentioned in my telegram under reference, viz., apricots, pears, quinces, nectarines and grapes, the Canadian Government now propose to confine projected reductions in rates of duty on these products to specified seasons which will not conflict with the Australian shipping season, in which we agreed in the Canadian-Australian Trade Agreement to maintain fixed margins of preference in favour of your products.

(3) As regards raisins and currants and dried apricots, nectarines, peaches and pears, the importance of existing margins of preference to Australia and to South Africa is fully recognized, and we are informing the United States Government that we cannot ask you, in all the circumstances, to consent to a modification of the bound preferences on these products.

(4) As regards oranges, for which Canada has always been dependent upon the United States for more than ninety per cent of its requirements, we should be grateful if the Commonwealth Government would agree to waive its bound margins of preference for the months of May, June and July, so that the duty could be removed in this period.

(5) As regards orange juice, on which the United States originally requested a rate of  $12\frac{1}{2}$  per cent instead of the 25 per cent rate now in force, our feeling is that the present duty is very high on a product that is coming to be regarded as an essential element in ordinary diet, and we would appreciate it very much if your Government could concur in a reduction in the duty on orange juice imported from the United States to 15 per cent, which would still leave your producers with a very substantial margin of preference which they could use if and when the technical difficulties which still stand in the way of long distance shipments of orange juice are overcome.

(6) At the same time we hope your Government can see its way to consent to the reduction of the Canadian Tariff from one cent to one half cent per pound on dried plums or prunes. Under this item imports from the United States are very large, amounting last year to nearly once million dollars, while no imports have been recorded from Australia in recent years.

(7) We trust that the Commonwealth Government will recognize that in reducing United States requests involving a modification of the Canadian-Australian Trade Agreement to the commodities mentioned, viz., oranges, orange juice and dried prunes, we have made a serious effort to protect your interests in the Canadian market, and we hope that it will now be possible for your Government to concur in these revised requests for the modification of margins.

308.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud*

*Secretary of State for External Affairs  
to South African Minister of External Affairs*

TELEGRAM 14

Ottawa, July 20, 1938

SECRET. Reference my telegram Number 9 of 3rd May and your reply number 10 of 13th June:

(1) The Canadian Government appreciate the effort that the Union Government have made to facilitate the conclusion of trade negotiations now

pending between Canada and the United States, and recognize that modifications of margins of preference in which Union is now concurring will have to be taken into consideration when Canadian-South African Trade Agreement is revised.

(2) In view of the importance your Government attaches to the maintenance of existing margins of preference on Items 92(d) (fresh peaches), 92(e) (fresh pears), 92(f) (fresh plums or prunes), and 94 (fresh grapes), the Canadian Government propose to confine projected reductions in rates of duty on these products to specified seasons which will not conflict with the South African shipping season in which we agreed, in the Canada-South Africa Trade Agreement, to maintain fixed margins in favour of your products.

(3) As regards raisins and currants (99c) and dried apricots (ex 99g), the importance of existing margins of preference to the Union and to Australia is recognized, and it now appears unlikely that we shall be compelled to ask you to reconsider your position in respect of the bound preferences on either product.

(4) As regards oranges (101) we are hopeful that the United States request for free entry of oranges will be modified to meet your reservation of the four-month period beginning August 1st.

(5) As regards orange juice (ex 152), on which the United States originally requested a rate of 12½ per cent ad valorem instead of the 25 per cent rate now in force, our feeling is that the present duty is very high on a product that is coming to be regarded as an essential element in ordinary diet, and we would appreciate it very much if your Government could concur in the reduction in the duty on orange juice imported from the United States to 15 per cent, which would still leave your producers with a very substantial margin of preference which they could use if and when the technical difficulties which still stand in the way of long distance shipments of orange juice are overcome.

(6) We fully recognize the importance to your producers of the substantial margin of preference they now enjoy on Indian corn, n.o.p. (55), but must point out that the United States also attaches very considerable importance (both economic and political) to securing a concession on this product, which, despite the effects of drought in recent years, is likely to remain a staple and representative United States agricultural export. We have, therefore, been giving a good deal of thought to the question of how we could protect your interest in the Canadian market while at the same time granting the United States the concession for which they are pressing on this product.

(7) As you are aware, Indian corn for use in the manufacture of starch or cereals may now be imported into Canada free under all tariffs (Item 54a), while corn for the use of distillers is dutiable at 7½ cents a bushel under all tariffs (Item 54); but "corn, n.o.p." (Item 55), under which corn is imported for feed for livestock and poultry, though free from Empire

countries, is dutiable at 20 cents a bushel from the United States. In the present negotiations, the United States has been asking for a continuation of the binding on the free list of Item 54a, under which, without benefit of preference, imports from the Union in the fiscal year 1938 approximated in value \$1,000,000, as well as for a reduction in duty from 20 cents to 10 cents a bushel under Item 55. In the light of your Government's telegram under reference, we have discussed with the United States negotiators the feasibility of their withdrawing their request for the binding of free entry for corn under Item 54a, so that we could submit to your Government a counter-proposal which we hope will be acceptable to you. We would be willing to consolidate the three existing tariff items under which Indian corn is imported into Canada, and make them all free under the British Preferential Tariff and all dutiable at 10 cents a bushel under the most favoured foreign nations tariff. That is to say, if your Government could consent to a reduction of the duty under Item 55 to 10 cents a bushel, we would agree to remove the existing duty of 7½ cents a bushel levied on corn imported from South Africa for use in distilling, and to offer your producers a margin of preference of 10 cents a bushel on corn for distilling, starch-making and cereal manufacture, on which at present they enjoy no preference. In this connection it might be pointed out that the substitution of the more moderate margin of 10 cents a bushel might be expected to lead to a greater stability in tariff treatment of corn, which would obviate some of the uncertainties which have seriously handicapped the importation of South African corn and tended to demoralize our domestic corn trade.

309.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, July 25, 1938

CONFIDENTIAL. Following for Honourable W. D. Euler from Honourable W. Nash, Begins: Your telegram of the 6th July. Suggestion to abolish exchange dumping duty butter leaving it subject Agreement rate of 5 cents acceptable to my Government who appreciate proposal of your Government to meet position. My Government also agrees to extension of Agreement until September 30th, 1939, subject to arrangement set out in my letter to you of July 10th, 1937, regarding possible increases in duties and also understanding regarding negotiations for conclusion of new Agreement. If you agree, assume not proposed make public announcement until later and that arrangement and understanding my despatch 10th July, 1937 remains confidential. Will be pleased to learn your views early date. Ends.

SAVAGE

310.

*Le premier ministre d'Australie au secrétaire d'État  
aux Affaires extérieures*

*Australian Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Canberra, July 28, 1938

Your telegram of the 20th July. Please see last paragraph of my telegram of the 13th May. Australian Government find it quite impracticable at the present stage to agree to any modification of any kind whatever in existing agreement between Canada and Australia in order to enable Canada to make concessions to the United States. This applies to each and every proposal referred to in paragraphs numbered (2) (4) (5) (6) and (7) of your telegram of the 20th July.

I note you have not replied to questions contained in my telegram of the 13th May regarding:

(a) United States request to Australia for tariff concessions affecting Canada;

(b) Any United States request to Canada in respect of commodities in which Australia is interested as an exporter to Canada, but in respect of which Canada does not regard themselves as bound by any formal obligation to Australia.

Sir Earle Page, Australian Minister of Commerce, proposes to return from United Kingdom via Canada. In view of present position regarding trade negotiations between Empire countries and the United States it is hoped that Sir Earle Page will have opportunity for discussions on the subject with Canadian Ministers. In the meantime, I strongly urge you to avoid any steps which might be calculated to prejudice future of Canada-Australia Trade Agreement.

311.

*Le ministre des Affaires extérieures de l'Afrique du Sud  
au secrétaire d'État aux Affaires extérieures*

*South African Minister of External Affairs  
to Secretary of State for External Affairs*

TELEGRAM 13

Capetown, August 12, 1938

SECRET. Your telegram 20th July, No. 14, and previous communications. Union Government greatly appreciate sympathetic consideration your Government have given to points raised in my telegram No. 10, June 13th. Your concurrence that contemplated modifications will be taken into consideration when Canada-Union Agreement is revised has been noted.

2. Seasonal variation in duty on fresh summer fruits as now proposed acceptable to Union Government.

3. Appreciate maintenance of existing margins of preference on raisins and currants.

4 and 5. With proposed maintenance of four months preferential period for oranges, beginning August 1st, Union Government prepared to concur in contemplated reduction of preference on orange juice from 25% ad valorem to 15% ad valorem.

6 and 7. Proposal to consolidate the three existing tariff items under which Indian corn is imported into Canada and to make them all free under British Preferential Tariff and all dutiable at ten cents a bushel under the most favoured foreign nations tariff, is accepted by Union Government, but in this connection Union Government would appreciate a more liberal interpretation in the future of Clause 5 of the Canada-Union Trade Agreement, 1932, in relation to measures adopted in exporting Indian corn, and a confidential assurance in this connection would be greatly appreciated. Canadian Trade Commissioner has queried legality of present exporting arrangements and uncertainty in this connection a disturbing factor in the maize market. A full explanation<sup>1</sup> of the whole position under the present marketing system being forwarded by air mail.

312.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

TELEGRAM

Wellington, August 31, 1938

Thank you for your telegram of the 30th August<sup>1</sup> respecting extension of Trade Agreement. Following statement proposed regarding possible limitation of butter shipments. Begins:

An understanding has been reached whereby should such action be considered necessary the New Zealand Government will cooperate as far as possible by limiting shipments to such reasonable proportions as will not unduly prejudice interests of Canadian producers. Ends.

SAVAGE

<sup>1</sup> Non reproduits/not printed.

313.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud*

*Secretary of State for External Affairs  
to South African Minister of External Affairs*

TELEGRAM 15

Ottawa, November 9, 1938

We are now approaching finality in our trade agreement negotiations with the United States and it is expected that the new agreement will be signed next week.

(2) In this connection we wish to suggest that Canada and South Africa should adopt the same procedure that has been agreed upon with the United Kingdom for recording the agreement we have reached regarding the modification of certain margins of preference, namely, an exchange of notes between the representative in Canada of the consenting Government and myself. In the case of South Africa this would be your Accredited Representative in Ottawa. The terms of the Note which I would propose to address to Mr. Meyer are as follows: Begins:

In view of the willingness expressed by His Majesty's Government in the Union of South Africa to facilitate the trade negotiations between Canada and the United States by consenting to the modification of certain margins of preference guaranteed under the Canada-South Africa Trade Agreement of 1932, the new Agreement will provide for reduced duties on imports into Canada from the United States on a number of articles in respect of which the Union Government have agreed to waive their rights to the extent necessary to permit of the inclusion in the forthcoming Agreement, for the period during which the latter agreement is in force, of the reduced duties indicated below on imports from the United States of America:

*Ex Schedule A of the Canada-South Africa Trade Agreement*

<i>No. of Canadian Tariff Item</i>		<i>New Rate of Duty on Goods the Growth, Produce or Manufacture of the United States</i>
55	Indian Corn, n.o.p., per bushel	10 cents
92(i)	Quinces and nectarines— June to February inclusive ....	10 p.c.
95	Cantaloupes and muskmelons	10 p.c.
101	Oranges, n.o.p., December to April, inclusive .....	Free
	May to November, inclusive— per cubic foot .....	35 cts.
	Provided, that Canada reserves the right to substitute for the above item the following:	
101	Oranges, n.o.p.:	
	January to July, inclusive .....	Free
	August to December, inclusive —per cubic foot .....	35 cts.



The Canadian Government desire to record their intention of inviting Parliament at its forthcoming session to consolidate the three tariff items under which Indian corn is imported into Canada into one item on which the rates of duty would be free under the British Preferential Tariff, ten cents per bushel under the Intermediate Tariff and twenty cents per bushel under the General Tariff.

At the same time they wish to express again their appreciation of the willingness of the Government of the Union of South Africa to facilitate the successful conclusion of Canadian trade negotiations with the United States of America and to confirm their understanding that the modification thus effected in the Canada-South Africa Trade Agreement will be taken into consideration when that Agreement is revised.

Ends.

(3) In view of the fact that the Agreement with the United States is to be signed next week we would appreciate an early assurance that the procedure suggested above, and the terms of the proposed Note to your Accredited Representative, meet with your approval. In this event we assume that Mr. Meyer will be authorized to address to me a suitable note in reply.

314.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud*  
*Secretary of State for External Affairs  
to South African Minister of External Affairs*

TELEGRAM 16

Ottawa, November 10, 1938

IMMEDIATE. With reference to your despatch of the 13th of August 1938<sup>1</sup> concerning Canadian customs treatment of South African maize.

The views expressed in the despatch under reference have been given sympathetic consideration by the Canadian Government. While we are still in some doubt as to the precise effect of certain implications inherent in the regulations and practice of the Maize Marketing Board, particularly with reference to the possibility of an advance guarantee to pay from Governmental funds a fixed price to exporters, we do not anticipate any variation in the Canadian customs treatment of South African maize so long as the situation which has existed during the past year remains substantially unchanged. The Canadian policy in this regard would have to be reconsidered, however, should the export price of South African maize fall below a figure equivalent to the price on the Baltic exchange.

<sup>1</sup> Non reproduite—voir le doc. 311/not printed—see doc. 311.

315.

*Le ministre des Affaires extérieures de l'Afrique du Sud  
au secrétaire d'État aux Affaires extérieures*  
*South African Minister of External Affairs  
to Secretary of State for External Affairs*

TELEGRAM 14

Pretoria, November 11, 1938

IMMEDIATE. Your telegram 9th November, No. 15. Union Government agree to proposed Exchange of Notes but desire to point out that contemplated revision of preferences which Canada enjoys in the Union would be unconditional and could not be linked to period during which Canada-United States Agreement remains in force. Accordingly the Union Government feels that agreement to waive their rights in Canada should also not be subject to time limit. If words "for the period during which the latter agreement is in force" are deleted from your note as proposed in your telegram it would meet the wishes of the Union Government. Accredited representative of the Union in Ottawa has been instructed to address the following note to you when he receives your note, Begins:

I have the honour to acknowledge the receipt of your letter—and to confirm the willingness of His Majesty's Government in the Union of South Africa to facilitate conclusion of a Trade Agreement between Canada and the United States of America by consenting to modifications in certain margins of preferences guaranteed under Canada-South Africa Trade Agreement of 1932 set out in your letter under reply. I further beg to confirm understanding that modifications thus effected in Canada-South Africa Trade Agreement will be taken into consideration when this Agreement comes up for revision.

Ends.

316.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud*  
*Secretary of State for External Affairs  
to South African Minister of External Affairs*

TELEGRAM 17

Ottawa, November 15, 1938

Your telegram No. 14 November 11th. Exchange of Notes regarding modifications of preference. We have pleasure in concurring in suggestion to delete from our Note phrase "for the period during which the latter agreement is in force". It is expected to exchange Notes with Accredited Representative tomorrow.

317.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 65

London, November 17, 1938

On the occasion of today's signature of United Kingdom-United States Trade Agreement, I should like to express again to the Canadian Government cordial appreciation of their readiness to facilitate our Agreement with the United States by consenting to such modifications of their rights under their existing Trade Agreement with the United Kingdom as were necessary to enable it to be concluded. It is our confident hope that Agreement now signed, together with complementary Agreement between Canada and the United States, which is being signed at the same time, will assist substantially in reducing barriers to trade, and will thereby prove a real contribution to world appeasement.

318.

*Le haut commissaire de Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*  
*British High Commissioner to Secretary of State for*  
*External Affairs*

No. 45

Ottawa, November 18, 1938

Sir,

In my letter of today's date<sup>1</sup> I referred to certain modifications of the United Kingdom-Canada Trade Agreement which His Majesty's Governments in the United Kingdom and in Canada have agreed to make in order to facilitate the conclusion of Trade Agreements between the United States and Canada and between the United States and the United Kingdom.

Apart from these modifications, which relate to the United States goods specified in the schedules of the two agreements about to be concluded, the negotiations have suggested the desirability of two further modifications of the United Kingdom-Canada Trade Agreement.

The United Kingdom Government understand that the Canadian Government would appreciate release from the obligation to maintain a fixed margin of preference on wrought iron (item 377e—formerly ex 377a et al.) which appears to complicate unnecessarily the wording of a number of iron and steel items to be included in the Canada-United States Agreement. The

<sup>1</sup> Non reproduite/not printed.

United Kingdom Government for their part are accordingly prepared to agree to the deletion of this item from Schedule V to the United Kingdom-Canada Trade Agreement of 1937.

At the same time the United Kingdom Government, with a view to maintaining a proper relationship between sawn timber and the logs from which it may be sawn, would appreciate your consent to the extension to logs of certain dimensions of the rates of duty on wood and timber of coniferous species for which provision is to be made in Schedule I of the Trade Agreement between the United Kingdom and the United States of America. They accordingly propose to reduce the duty on wood and timber of coniferous species in logs neither end of which is less than fourteen inches in mean diameter to sixteen shillings per standard as from the date on which the Trade Agreement is to become effective (1st January, 1939). In the eventuality contemplated in the proviso to the concession (the removal of the import excise tax on lumber imported into the United States of America) the United Kingdom Government propose to accord free entry to wood and timber of coniferous species in logs neither end of which is less than twelve inches in mean diameter and which are fifteen feet or more in length. I should be glad if you would be so good as to advise me whether the Canadian Government concur in the arrangements outlined above.

I have etc.

GERALD CAMPBELL

319.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 8

Ottawa, January 6, 1939

My telegram No. 1 of January 1st.<sup>1</sup> Copy of Bermuda Customs Tariff Act 1938 just received indicates that breach by Bermuda of commitment to maintain margins of preference set forth in Canada-United Kingdom Trade Agreement of 1937 is much wider than first reported. In addition to reductions in duty on foreign imports of hosiery referred to in my previous telegram it now appears that Bermuda is unilaterally reducing margins of preference on canned meats, canned fruits and canned vegetables without seeking or securing Canadian concurrence in modifications of margins. It is further noted that in respect of eggs the margin of preference is to be reduced to 1 penny per dozen, although agreed modification of guaranteed margin effected by exchange of letters in Ottawa on November 16th 1938 provided for maintenance of a preference of 1½ pence per dozen.

<sup>1</sup> Non reproduit/not printed.

320.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 90

London, February 24, 1939

CONFIDENTIAL. My telegram No. 74,<sup>1</sup> Bermuda Tariff. Colonial Office now advise despatch of further telegram to Governor of Bermuda substantially in the following terms:

In so far as no official communication concerning action of Bermuda was received, the decisions in question must have come completely without warning to the Government of Canada.

Secretary of State does not think view that it was unnecessary to receive concurrence of the Government of Canada to reduction of preferences can be sustained. Apart from the question of diplomatic courtesy, Ottawa Agreements would not be worth while if any one Government were free to abrogate any power granted under the Agreements without prior consultation, and attention is called to Article XVI of the United Kingdom-Canada Agreement.

In these circumstances, Secretary of State feels such precipitate action unfortunate, especially in view of the fact that new Canada-West Indies Trade Agreement is in the offing.

Secretary of State will be glad if Governor will place the substance of these considerations before the House of Assembly in such a manner as he may consider most appropriate and inform them that His Majesty's Government in the United Kingdom attaches great importance to avoiding any grounds for charges that treaty obligations have not been complied with in spirit as well as the letter.

Secretary of State considers it will be in the interests of Bermuda if the Legislature can see their way to take immediate steps to restore the preferences in question except as modified in Schedule 3 of United Kingdom-United States Agreement until December 31, 1939.

His Majesty's Government in the United Kingdom would highly appreciate such action.

High Commissioner in London being informed of this telegram for the information of His Majesty's Government in Canada.

Despatch No. 152<sup>1</sup> confirming this message mailed today.

321.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH 291

London, April 28, 1939

Sir,

With further reference to your cablegrams Nos. [sic] 1 of January 1st<sup>1</sup> and No. 8 of January 6th regarding the cancellation of preferences by the Ber-

<sup>1</sup> Non reproduits/not printed.

muda Government in respect of certain Canadian commodities, Mr. Pearson of this Office has received a communication from Mr. Davies of the Colonial Office, the pertinent paragraphs of which are as follows:

The Secretary of State for the Colonies has now received a reply from the Governor of Bermuda by which we have been reluctantly convinced that no useful purpose would be served by inviting the Bermuda House of Assembly to restore the preferences. The Governor stated that he was unanimously advised that there would be no chance of restoration being passed by the House. His advisers took the view that the preferences in question had always been unpopular in Bermuda, and the House, having removed them, would be utterly opposed to reimposing them. He could only say that he was very sorry indeed that the action of Bermuda was considered to be in any way discourteous towards Canada and that he could give an assurance that there was no such intention

I need hardly repeat that the Colonial Office regret the action taken by the Government of Bermuda, but, as you will be aware, the constitutional position of the Secretary of State for the Colonies in Bermuda is not such as to enable him to take any over-riding action in the matter.

As well as expressing their regret at the action taken by Bermuda, the Colonial Office are very very sorry that it should have been taken without any official intimation being given to His Majesty's Government in Canada of the intentions of the Government of Bermuda.

I have etc.

L. B. PEARSON for the . . .

PARTIE 6/PART 6

CONTREBANDE<sup>1</sup>

SMUGGLING<sup>1</sup>

322.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 162

Ottawa, July 3, 1936

Sir,

The preventive forces of the Canadian Government are concerned with the prevention of smuggling of intoxicating liquors and alcohol into Canada from

<sup>1</sup> Pour plus amples renseignements concernant la contrebande voir chapitre III, partie 6 et chapitre IV, partie 3.

For other documents concerning smuggling see Chapter III, Part 6 and Chapter IV, Part 3 c.

various points on the Atlantic and in the Caribbean area. The principal sources of supply for smuggling vessels are to be found in such places as Newfoundland, Bermuda, the British West Indies and British Guiana.

In order to cope with this smuggling into Canada it is necessary to obtain some degree of co-operation from the communities which are sources of supply for this illicit traffic. There are two special ways in which assistance can be given, namely in the furnishing of information and in the imposition of restrictions upon the export of intoxicating liquors.

The governments of these communities have been most helpful in furnishing information when requested, as to the movements of smuggling vessels. No doubt the Canadian Preventive Services will need to call upon them again in the future, from time to time. It is possible that it may be necessary to establish somewhat closer liaison in the future, but at present no definite project has been presented to this Department.

The other special method of co-operation involves the refusal of clearances of intoxicating liquors and alcohol for the high seas and the imposition of adequate bonds upon export.

Earlier in this year the Canadian Government brought the situation to the attention of the Government of British Guiana, pointing out that the permission of clearance from countries which were sources of supply for the contraband traffic to the high seas, or even to named ports, without adequate requirements as to bonds and landing certificates, enabled the smuggling trade to carry liquors to points of advantage with impunity. At these points on the high seas and near the Canadian coast, the cargo was trans-ship[p]ed to smuggling craft and brought directly, or indirectly into Canada. The Canadian Government expressed the hope that the Government of British Guiana would co-operate by preventing clearances to the high seas and by rigidly enforcing the requirement of substantial bonds subject to cancellation only upon production of genuine landing certificates.

The Government of British Guiana in reply informed the Canadian Government that steps had been taken to require bonds and landing certificates. In this manner British Guiana has, for practical purposes, ceased to be a source of supply for the contraband trade.

It is the desire of the Canadian Government to achieve the same results in all of the British ports in the North Atlantic and the Caribbean. Accordingly, it is desired, first, to ascertain the present state of regulations and administration in respect to the clearance of vessels for the high seas, the imposition of bonds and the requirement of landing certificates. If it is found that there are any potential sources of supply in which either clearances for the high seas are permitted or where bonds or landing certificates are not required, it is the intention of the Canadian Government to bring the matter to the attention of the government concerned, with a view to having the position rectified.

It is therefore desired that you should confer with the appropriate authorities in the Dominions Office and in the Colonial Office, with a view to ascertaining whether it is the desire of the Colonial Office that any request for co-operation in this matter should be addressed directly to the Government concerned, or to the Secretary of State for the Colonies.

I have etc.

O. D. SKELTON for the . . .

323.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 229

Ottawa, October 1, 1936

Sir,

I have the honour to refer to my despatch No. 162, dated the 3rd July, 1936, and to my despatch No. 209, dated the 24th [*sic*-14th] September, 1936,<sup>1</sup> both dealing with the problem of co-operation between the Government of the United Kingdom and the Government of Canada in the prevention of smuggling.

The Preventive Forces of the Government of Canada have been concerned for a long time with the prevention of the smuggling of intoxicating liquors and alcohol into Canada from various points on the high seas, and especially from points on the Atlantic and in the Caribbean area. I assume that the Government of the United Kingdom is now giving consideration to the special types of co-operation which were referred to in the despatches cited.

The Parliament of Canada enacted a statute, which was assented to on the 23rd June, 1936, entitled, "An Act to Amend the Customs Act". Six copies of this Statute are enclosed.

You will observe that Section 2 of the Act provides a definition of "Canadian waters" and "Canadian Customs waters".

Section 3 of the Act imposes the requirement, upon masters of vessels carrying intoxicating liquors, of carrying sworn manifests.

Section 4 repeals Section 151 of the Customs Act and enacts a new Section 151, consisting of twelve subsections and forming a complete code of laws dealing with hovering in the vicinity of Canadian waters. The provisions of this new section give to the Canadian Preventive services extensive powers to deal with hovering vessels within Canadian waters and Canadian Customs waters, respectively. The powers are applicable to all vessels,

<sup>1</sup> Non reproduite/not printed.



irrespective of their national character, hovering within Canadian waters. They are restricted in their operation to vessels or classes of vessels specified by a proclamation, in so far as hovering within Canadian Customs waters is concerned; apart, of course, from vessels of Canadian nationality, which are subjected to the provisions in such waters without proclamation.

Section 5 of the Act enacts a new Section 257 dealing with refusal to stop when required in the King's name, and Section 7 provides for the coming into force of the Act on proclamation.

The most important part of the legislation is the enactment of the new hovering provisions. They are designed to enable the Canadian Preventive services more effectively to cope with the problem of smuggling intoxicating liquors into Canada. Their present form results, to a very large extent, from suggestions emanating from the Government of the United Kingdom, and their effectiveness depends entirely upon the issuing of proclamations by the Governor-in-Council extending the provisions of the section to vessels registered in the United Kingdom, in the Colonies and other parts of His Majesty's dominions, and in foreign countries.

His Majesty's Government in Canada desire to obtain the sympathetic co-operation of His Majesty's Government in the United Kingdom in the suppression of the activities of these vessels, in defrauding the Canadian treasury and, indirectly, the Provincial treasuries.

Accordingly, you should submit a request on behalf of the Canadian Government to the Government of the United Kingdom for their agreement or concurrence in the extension of the provisions of this legislation to vessels registered in the United Kingdom and in all other parts of His Majesty's dominions, other than Australia, New Zealand, South Africa and the Irish Free State. Before submitting a formal request, you should confer with the appropriate authorities with a view to ascertaining whether India and Newfoundland should properly be excluded, with a view to separate negotiations. You should also discuss the question whether the agreement or concurrence should take the form of a formal Agreement, or merely an exchange of Notes. It is the view of this Department that an exchange of Notes, whereby the Government of the United Kingdom concurs in the suggested course of action, would be sufficient. On the other hand, it may well be that the Government of the United Kingdom would prefer a formal Agreement and, in such a case, the Government of Canada is ready to adopt that course.

In discussing this matter with the appropriate authorities, you might inform them that it was the intention of the Canadian Government subsequently to make similar proposals to the Governments of Australia, New Zealand, South Africa, the Irish Free State and to various foreign governments.

I have etc.  
LAURENT BEAUDRY for the . . .

324.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH 715

London, November 6, 1936

Sir,

I have the honour to state that according to instructions conveyed by your despatches No. 209, September 14th,<sup>1</sup> and No. 162, July 3rd, we have communicated with the Secretary of State for Dominion Affairs requesting the assistance and co-operation of the authorities in certain British Colonies in the West Indies, in measures which the Canadian Government propose to take in connection with the smuggling of liquor into Canada. We have today been informed in reply that His Majesty's Government in the United Kingdom will be happy to ask the authorities in the West Indies to co-operate with the Canadian Government with a view to the supply of information on the lines suggested as to liquor shipments. Before doing so, however, they wish to raise a query with regard to our request that the Canadian authorities should be advised of all liquor shipments listed at the Customs Houses at the different ports in the colonies we have named, i.e., Jamaica, Honduras and the Bahamas, the Leeward and Windward Islands and British Guiana. They wish to have it confirmed that this arrangement is intended to be applied only to shipments by particular vessels such as those specified on page 2 of your despatch No. 209 (together with any other vessels whose names may subsequently be added to the list) and not to trading vessels carrying on a regular service between scheduled ports, whose goods, (including liquor) are necessarily landed at ports of call under the control of the Customs authorities.

2. We are further informed, in reply to your despatch No. 162 of July 3rd, that the Secretary of State for the Colonies would have no objection to the Canadian authorities communicating direct with the Colonial Governments concerned on the questions of the clearance of vessels for the high seas, of the imposition of bonds, and of the requirement of landing certificates.

3. If you will instruct me concerning the point raised in paragraph 2 above, I will communicate further with the authorities here with a view to obtaining their full co-operation in this matter.

I have etc.

L. B. PEARSON for the . . .

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<sup>1</sup> Non reproduite/not printed.

325.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 107

London, December 9, 1936

Sir,

Mr. Pearson of this office has discussed with Mr. Wiseman, Mr. MacLeod and Mr. Duncan of Dominions Office and Mr. Weston of the Board of Trade questions arising out of Mr. Beaudry's despatch No. 229 of October 1st, dealing with the problem of co-operation between the Governments of the United Kingdom and Canada in the prevention of smuggling.

2. The United Kingdom officials expressed the desire of their Government to co-operate with and assist the Canadian Government in the suppression of the activities of smuggling vessels hovering outside Canadian territorial waters. At the same time, they are anxious that this co-operation should not prejudice in any way their view of the legal situation in respect of territorial waters and of the inadmissibility in principle of rights which can be exercised under international law against United Kingdom ships outside such waters. Subject however to the receipt of further information on certain points mentioned below, the United Kingdom Government is willing to enter into an agreement with the Canadian Government concurring in the extension of the provisions of an Act to Amend the Customs Act, June 23rd, 1936, to vessels registered in the United Kingdom and in all other parts of His Majesty's dominions other than South Africa, Australia, New Zealand, the Irish Free State and India.

3. In respect of India, they feel that negotiations with a view to a separate agreement might be conducted through the Dominions Office with the Indian Government. On the other hand, it is considered that any submission made to the United Kingdom should also include Newfoundland, though it will be necessary to consult the Government of Newfoundland as to their inclusion in any agreement.

4. So far as the form which any such agreement might take is concerned, the United Kingdom feels that a formal agreement or even a formal exchange of notes is not necessary, but that in this case an ordinary exchange of despatches between Governments would be sufficient and satisfactory.

5. The United Kingdom officials desire to bring certain observations to the attention of the Canadian Government before this exchange of despatches takes place. In the first place, in order to safeguard the principle of the three-mile limit, they feel that it might be desirable to include in the despatches a sentence recognising this limit, such as was done in Article I of the Liquor Smuggling Convention of 1924 with the United States.

6. The United Kingdom officials think it essential that in the despatch in question the special reasons which impel the Canadian Government to ask for this jurisdiction over United Kingdom vessels should be set out in detail. They realize that the Canadian authorities must have a strong case to warrant the request for such authority and feel that it would assist the United Kingdom Government in justifying their agreement to an exercise of jurisdiction outside the limits generally recognised under international law if this case were put forward as strongly as possible in the despatch from Canada. They will require this statement in order to meet criticism in the United Kingdom, and to defend their action in allowing such jurisdiction to be exercised over United Kingdom ships.

7. The United Kingdom authorities would also appreciate it if what is meant by "hovering" could be made clear. Subsection 2 of the amended Section 151 of the Act in question states that the Section shall apply to any vessel which has "hovered", but there is no explanation of what actually constitutes "hovering", apart from that contained in (b), (c) and (d) of the Subsection in question. The United Kingdom officials would therefore be glad to know what general interpretation of this word will be given by the Canadian authorities in the application of the law.

8. It was also suggested that the powers to interfere with United Kingdom vessels requested by the Canadian authorities are really wider than are necessary to achieve the purpose desired. In this connection, the United Kingdom officials feel that action on their part would be easier if the proclamation under Section 151 could be restricted to United Kingdom vessels under a certain tonnage, as is done in Subsection 2 of Article II in the Finnish Convention of 13th October, 1933, (copy enclosed herewith). For this purpose, they mention the figure of 500 net register tons. They feel that in practice it would not be necessary for the Canadian authorities to apply the powers in question to vessels larger than this figure, as the problem of illicit importation under consideration concerns itself almost entirely with the suppression of small smuggling vessels.

9. The authorities here have also enquired whether Subsection 3 of Section 151, which would give the Canadian authorities power to bring United Kingdom vessels into port, might not be restricted to a "black list" of suspected vessels. They feel that if this could be done interference with legitimate craft would be reduced to a minimum without weakening the steps which must necessarily be taken against suspected smugglers. They also have enquired whether in Canadian law there would be any compensation for a United Kingdom vessel which was wrongfully detained or seized if such seizure or detention involved pecuniary loss.

10. It was also pointed out that whereas Subsection 3 of Section 151 referred specifically to a "hovering" vessel, Subsections 4 and 9 refer to "any vessel". The United Kingdom officials were of the opinion that in both these latter subsections "hovering" vessels were meant, but they would like to be sure that there is no significance in the absence of the word "hovering" in

the subsections in question when it was used in Subsection 3. The United Kingdom officials were in fact in some doubt as to why Subsection 9 was necessary at all, in view of the powers conferred under Subsection 3.

11. It was further pointed out that it is unusual for vessels to carry a sworn manifest and that therefore the requirements of Amended Section 7a(1) (Section 3 of the Amendment) might possibly be restricted to that class of small vessels discussed above and which, the United Kingdom officials feel, will be the only class in practice that need be interfered with.

12. An enquiry was also made as to the position of liquor carried as ship's stores or destined for another country or for importation into Canada in a vessel in respect of which powers under Section 151 were exercised (See for instance Article III of the Finnish Convention referred to above).

13. I should add, in conclusion, that the points to which the United Kingdom officials seemed to attach the most importance were, first, an interpretative definition of "hovering"; and second, a restriction of the application of the Canadian law to United Kingdom vessels of small tonnage.

14. I shall be glad to have any observations on these points that you may care to make for transmission to the appropriate officials of the United Kingdom Government.

I have etc.

VINCENT MASSEY

326.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 76

Ottawa, March 17, 1937

Sir,

I have the honour to refer to your despatch No. A. 107, dated the 9th December, 1936, concerning the question of the conclusion of an Agreement with the Government of the United Kingdom, with regard to the application of Section 151 of the Customs Act.

2. The Canadian Government is gratified to learn that the United Kingdom officials have expressed the desire of their Government to co-operate with and to assist this Government in the suppression of activities of smuggling vessels hovering outside Canadian territorial waters. Their desire that this co-operation should not prejudice, in any way, their view of the liquor situation in respect of territorial waters and of the inadmissibility in principle of rights which can be exercised under International Law against United Kingdom ships outside such waters, is appreciated. It is thought, however, that any exchange of correspondence between the two Governments should avoid committing either Government to any particular view of the legal

problem involved. Apart altogether from any question of policy, there would be a certain reluctance on the part of the Canadian Government in placing on record any specific statements that would tend to restrict the broad statements as to the powers of the Parliament of Canada from the point of view both of Constitutional Law and International Law which is contained in Lord MacMillan's Judgment in the case of *Croft v. Dunphy*. There should be no difficulty however, in concluding an exchange of correspondence which would not prejudice the legal position which has been steadfastly maintained by the Government of the United Kingdom on the one hand, and of the powers of the Parliament of Canada as declared by the Judicial Committee of the Privy Council on the other hand.

The question of safeguarding the principle of the three-mile limit is in a different position. The suggestion to incorporate in the despatches a sentence recognizing this limit would, I am sure, meet with the approval of both Governments.

3. The suggestion in paragraph six of your despatch, that the special reasons which impelled the Canadian Government to ask for this jurisdiction, should be set out in detail will, of course, be followed. There is, however, one reason which probably should not be set forth in a formal exchange of correspondence. The principal reason for this request results from the existing shipping law in force in all parts of the British Commonwealth. The register of a Canadian ship can be transferred to any port in the British Commonwealth as a matter of right, without difficulty and on payment of a small fee. As long as this legal position is maintained, the organized criminals who are engaged in defrauding the Canadian Treasury, can defy the Preventive Services by shifting registry to a port which is situated in a part of the British Commonwealth that objects to the exercise of jurisdiction in Canadian Customs waters. I have no doubt that the United Kingdom officials will agree that this point should not be referred to in the formal communication.

4. With regard to the definition of "hovering", the omission in the Statute was deliberate, and a definition would simply be a challenge to the ingenuity of the smugglers who would change their tactics in order to get beyond its scope. The Canadian Preventive Forces would, however, under no circumstances regard the exercise of the right of innocent passage through Canadian waters or Customs waters, or transit through these waters to a Canadian port by a legitimate trading vessel, as constituting hovering.

5. With regard to the suggestion set forth in paragraph 8 of your despatch, the Canadian Government would be anxious to meet the views of the Government of the United Kingdom and, consequently would be prepared, somewhat reluctantly, to impose a tonnage limitation. At the present time the "Mother-Ship" normally operates at points adjacent to Canadian Customs Waters. For the present, the proclamation under Section 151 of the Customs Act might be subjected to a limitation, so that the powers would not be exercised in the case of United Kingdom vessels exceeding 500 tons, unless

such vessels were included in a Black List, or were actually engaged in the smuggling trade, or were acting in a manner inconsistent with employment in legitimate trade. It should of course be understood that a provision of this sort would be subject to revision if the result of granting such an immunity to vessels exceeding 500 net registered tons was to change the present character of the smuggling trade.

6. With regard to the suggestion set forth in paragraph 9, to restrict the exercise of the power to bring United Kingdom vessels into port to a Black List of suspected vessels, the Canadian Government would be willing to agree to a limitation. The suggested restriction to a Black List would not be entirely satisfactory. The power might, however, very well be restricted to vessels included in a specified list, or to cases in which, after examination, it was found that the vessel had been, or was, engaged directly or indirectly in the smuggling trade.

7. The other point dealt with in paragraph 9 relates to the question of compensation. The position in this respect is essentially the same as in the United Kingdom.

8. With regard to the question raised in paragraph 10, I am unable to agree with the view that subsection 9 was unnecessary, or that by subsection 4 and 9 "hovering" vessels were meant. A ship might well be passing through Canadian Customs waters en route for a point of contact, laden with goods destined to be smuggled into Canada. In similar circumstances, a ship registered in England, in United States Customs waters would be subject to boarding, search, seizure and to be taken into a United States port and forfeited. If, however, the Government of the United Kingdom is not willing to agree that similar powers should be exercised in this instance, I have no doubt that a formula could be worked out that would meet that Government's views, without unduly embarrassing the Canadian Preventive services.

9. Paragraph 11 presents a different problem. Section 7A of the Customs Act enables the Minister to exempt vessels or classes of vessels from the stringent requirements of the Act. This power is designed to avoid interference with vessels engaged in legitimate trade. By a memorandum in September 1936, the Minister dispensed with compliance with the provisions of this Section by "vessels plying on a published route and schedule while operating in accordance therewith".

It is possible that this action will meet the position raised by the United Kingdom officials. At any rate, the Government will make every effort to work out a satisfactory solution of this aspect of the problem.

10. The inquiry in paragraph 12 can readily be answered by inviting attention to the provisions of subsection 10. The position of innocent parties is completely protected. If, however, the ship in question is engaged in smuggling, the stores would be subject to forfeiture along with the ship, and liquor destined to be smuggled either into Canada or into any other country, would be forfeited along with the ship and the stores.

11. With regard to the general question, it is obvious that the United Kingdom officials are apprehensive that the exercise of the powers under the legislation would involve interference with legitimate shipping. It should be borne in mind that in practically every instance the smuggling ships are owned and controlled by Canadian criminals. Their only connection with the United Kingdom, Newfoundland or the West Indies is the utilization of the machinery of the Merchant Shipping Act for the purpose of defrauding the Canadian Treasury. The only shipping that would be affected in practice would be such vessels. It is hoped that the United Kingdom officials will give consideration to the experience in the past in dealing with such matters, both in Canada and the United States. Anybody who is familiar with the activities of preventive services appreciates that they do not interfere with innocent vessels if by innocent vessels we mean vessels engaged in a legitimate trade, behaving in a legitimate manner. In many years of dealing with the activities of Canadian Preventive vessels and complaints by Canadian shipping of interference by foreign patrol boats, I have not met an instance in which an innocent vessel was subjected to restraint. There are many cases of complaints by smugglers who have disposed of their cargoes before the imposition of restraint or who have suffered restraint before loading and who are thus able to claim a sort of temporary legalistic innocence, but, practically speaking, a preventive service does not interfere with legitimate boats.

It can reasonably be assumed that the additional powers involved in Section 151 of the Customs Act will not be exercised in a manner that will involve any interference with legitimate trade.

12. I should be obliged if you would bring these considerations to the attention of the appropriate authorities. It is possible that the Legal Adviser of this Department and the Director of Criminal Investigation of the Royal Canadian Mounted Police will be in London at the beginning of May, and it might be convenient at that time to settle the form of the exchange of despatches embodying the necessary agreement.

I have etc.

LAURENT BEAUDRY for the . . .

327.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 329

Ottawa, July 13, 1937

Your despatch No. 715 of November 6th, 1936, and previous correspondence respecting proposed arrangement to secure co-operation of British West Indies and adjacent colonies as regards furnishing, through channel of Canadian Trade Commissioner Service, information as to liquor shipments.



It is agreed that this arrangement would apply only to shipments by particular vessels specified in a list to be furnished and in amendments thereto to be furnished from time to time.

We understand that United Kingdom Government will accordingly ask West Indies authorities to co-operate along the lines proposed.

328.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 330

Ottawa, November 12, 1937

Sir,

I have the honour to refer to your despatch A. 107 dated the 9th December, 1936, and to my despatch No. 76 dated the 17th March, 1937, with regard to arrangements for the prevention of smuggling in Canadian Waters and Canadian Customs Waters.

In the circumstances I think that the matter should be brought to the attention of the appropriate authorities in the United Kingdom by a communication based upon the annexed draft note.<sup>1</sup>

It was assumed that this communication would be the basis of an Agreement embodied in the exchange of correspondence. There are other matters which are not specifically referred to in the draft note because they are of such a character that they could not appropriately be made a part of the Agreement. The Dominions Office, however, should be given to understand that the undertakings set forth in paragraphs 8, 9 and 11 of my despatch No. 76 referred to above, still hold good.

It is unfortunate that the disposition of this matter has been delayed at this end, but it is hoped that the authorities in the United Kingdom will expedite its settlement. It is necessary to complete the arrangement with the Government of the United Kingdom before progress can be made with the other interested Governments, and it is desirable that negotiations should be opened up with them shortly.

I have etc.

J. E. READ for the . . .

<sup>1</sup> Non reproduite/not printed.

329.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH 148

London, February 23, 1938

Sir,

With reference to your cablegram No. 329, of July 14th [sic], 1937, and to previous correspondence regarding the question of assistance and co-operation with the authorities of certain British Colonies in the West Indies in measures which the Canadian Government propose to take in connection with the prevention of smuggling of liquor into Canada, I have been informed by the Secretary of State for Dominion Affairs that replies have now been received from the Governments of all the British West Indian Dependencies and Bermuda intimating that they would be pleased to co-operate with the Canadian Government on the lines indicated in the previous correspondence.

I have etc.

VINCENT MASSEY

330.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 142

London, June 22 [sic-23], 1938

Your telegram No. 135,<sup>1</sup> Smuggling Agreement. Notes<sup>2</sup> exchanged today. Dominions Office would be glad to be informed in advance date on which Proclamation will be published bringing Arrangement into operation.

331.

*Le haut commissaire en Grande-Bretagne au secrétaire aux Dominions  
High Commissioner in Britain to Dominions Secretary*

[London] June 23, 1938

My dear Secretary of State,

In connection with the despatch which I have sent you to-day containing a request for the co-operation of your Government in certain arrangements

<sup>1</sup> Non reproduit/not printed.

<sup>2</sup> Voir le doc. 332/see doc. 332.

for the prevention of smuggling in Canadian waters, there are, I understand, one or two points concerning which you require further information and clarification. I am in a position to give this now.

With regard to publication of the details of any arrangements made, my Government concur in the suggestion, already informally made, that the terms of any statement should be agreed upon between both Governments for announcement in both countries.

With reference to Paragraph 8 (b) of the despatch referred to above, the expression "hovering" in Section 151 (2) (a) refers to the navigational behaviour of a vessel and not to what the vessel has on board.

In Paragraph 8 (c), the limitation as to the classes of vessels in respect of which the powers under Section 151 (b) would be exercised would be set out in the Proclamation, which is referred to in Paragraph 4 of the despatch in question.

In order to clarify the position regarding the exercise of powers in "Canadian customs waters" other than the power of stopping a vessel for examination, my Government wish to assure the United Kingdom Government that a vessel stopped and examined in "Canadian customs waters" would not be regarded as liable to further interference by reason of:

- (a) carriage of dutiable cargo consigned to Canadian ports;
- (b) Carriage through Canadian waters, whether via Canadian ports or not, of cargo dutiable or prohibited in Canada but consigned to destinations outside Canada;
- (c) carriage of stores of a kind dutiable or prohibited in Canada.

Furthermore, if a vessel stopped and examined in "Canadian customs waters" was found to contain no liquor for smuggling except in possession of members of the crew or passengers on the vessel, action would be confined to the individuals in possession of the goods and the vessel itself would not be regarded as subject to the powers (other than stopping and searching) under Section 151.

With reference to Paragraph 8 (d), which deals with the power to bring a vessel into port which had been engaged directly or indirectly in the smuggling trade, the purpose of this provision is to deal with the case of a vessel which was encountered just after it had performed a smuggling act but was, at the time of the encounter, not technically engaged in smuggling. The Canadian Government do not propose to exercise in "Canadian customs waters" the power to take United Kingdom or Colonial registered vessels into port simply on the ground that on some previous occasion a vessel had been engaged in smuggling, without regard to the question whether the result of an examination showed that the vessel was engaged or had just been engaged in smuggling at the time of encounter.

With reference to the "black list" or "the list agreed upon between the two Governments", as it is referred to in the despatch, arrangements concerning

it will be comparable to those working in respect of liquor smuggling into the United States. The Canadian Government would furnish to the United Kingdom authorities at intervals, say of six months, a list of the vessels suspected of being engaged in smuggling liquor into Canada. This list would be furnished for scrutiny, for checking the particulars of registry of the vessels and for circulation to the authorities in the territories in which the vessels mentioned on the list were registered. This list would be limited to those vessels in respect of which the Canadian customs authorities had some definite ground for suspicion. The Canadian Government will be ready to inform the United Kingdom Government, on request, of the grounds for suspicion in the case of any particular vessel.

With regard to vessels coming under suspicion in the intervals between the communication of the periodical "black lists", I understand that the United Kingdom Government would be prepared to agree that vessels should be regarded as being added to the current "black list" on notification of the name and particulars of that vessel by the Canadian authorities to the United Kingdom High Commissioner in Ottawa. Pending the inclusion of the vessel's name in the next periodical "black list", interference with the vessel in "Canadian customs waters" would be limited to stopping her unless search after stoppage revealed cause for further interference.

I think that the foregoing are the only points in the despatch which need clarification.

Yours sincerely,

VINCENT MASSEY

332.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH 405

London, June 24, 1938

Sir,

Confirming my telegram No. 142 of June 23rd I am enclosing herewith a copy of the Notes exchanged between myself and the Secretary of State for Dominion Affairs on that date, in which the United Kingdom Government agree to the arrangements requested by the Government of Canada for the prevention of liquor smuggling in Canadian waters.

I have etc.

VINCENT MASSEY

## [PIÈCE JOINTE 1/ENCLOSURE 1]

*Le haut commissaire en Grande-Bretagne au secrétaire aux Dominions*  
*High Commissioner in Britain to Dominions Secretary*

[London] June 23, 1938

My Lord,

1. Acting on instructions from my Government, I have the honour to request the cooperation and assistance of His Majesty's Government in the United Kingdom in certain proposed arrangements which His Majesty's Government in Canada desire to make for the prevention of liquor smuggling in Canadian waters and Canadian customs waters; more especially in the suppression of the activities of smuggling vessels hovering outside these waters.

2. In this connection, I have the honour to invite the attention of His Majesty's Government in the United Kingdom to the provisions of the Canadian Customs Act and particularly to the provisions of Section 151 of that Act as indicated by Section 4 of Chapter 30 of the Statutes of 1936. This Section contains provisions dealing with vessels hovering in "Canadian waters" and "Canadian customs waters". "Canadian waters" and "Canadian customs waters" are defined in Section 2 of the same Act, the definitions being incorporated as an amendment to Section 2 of the Customs Act. Sub-section 1 of Section 151 provides that:

The provisions of this Section shall extend to vessels hovering in "Canadian waters", and in the case of any vessel registered in Canada, or of any unregistered vessel owned by a person resident or domiciled in Canada, or of any other vessel or class of vessels which the Governor-in-Council may specify or enumerate by Proclamation, shall also extend to vessels hovering in "Canadian customs waters".

3. A copy of the Memorandum issued by the Department of National Revenue of Canada setting forth the amendments to the Customs Act, 1936, has already been forwarded for your information.

4. My Government are of the opinion that a Proclamation of the Governor-General-in-Council should be issued specifying or enumerating the vessels or classes of vessels registered in the United Kingdom or any parts of the British Commonwealth other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India. Accordingly, it is desired to obtain the concurrence of His Majesty's Government in the United Kingdom in order that the exercise of jurisdiction in this manner may be based upon mutual agreement.

5. In thus requesting the concurrence of the Government of the United Kingdom in the projected course, my Government have in mind the necessity for dealing effectively with vessels engaged in smuggling liquor into Canada. Without entering into a detailed account of the present state of the smuggling trade, it may be pointed out that, at the commencement of last season, a list of 234 vessels, known or suspected of liquor smuggling, was compiled. This

list included 147 vessels registered in parts of the British Commonwealth other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India. It is also estimated that two hundred thousand gallons of contraband liquor were brought off the Canadian shores during the 1936 season by vessels registered at British ports outside Canada.

6. As a result of the immunity enjoyed by such vessels, there has been a concentration of smuggling craft in the neighbourhood of Canadian waters. I am sure that the Government of the United Kingdom will agree that it is urgently desirable that the Canadian Preventive Services should be given authority to deal effectively with these malefactors, who are using an assumed non-Canadian character to enable them successfully to defraud the Canadian Treasury and to evade the laws enacted by the Parliament of Canada. The exercise of jurisdiction over "hovering" vessels within the "Canadian customs waters", as defined by the Customs Act, is considered essential to enable Canadian Preventive Services effectively to deal with the vessels engaged in defrauding the revenue both of Canada and of the Provinces.

7. It is the desire of His Majesty's Government in Canada that the proposed action in this matter and the requested concurrence of His Majesty's Government in the United Kingdom should not in any way impair the principle of the three mile limit for territorial waters which is recognized by both Governments.

8. The concurrence of His Majesty's Government in the United Kingdom, which is herein requested, would be subject to the following understandings and limitations:

(a) The vessels affected are those registered in parts of the British Commonwealth other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India.

(b) The Canadian Preventive Forces would, under no circumstances, regard the exercise of the right of innocent passage through "Canadian waters" or "Canadian customs waters" or transit through such waters to a Canadian port by a vessel engaged in legitimate trade, as constituting hovering.

(c) The Proclamation, under Section 151 of the Customs Act, would be subject to a limitation so that the powers would not be exercised in the case of vessels exceeding 500 tons net register, unless such vessels were included in a list to be agreed upon by the two Governments or were acting in a manner inconsistent with employment in legitimate trade. It should, however, be understood, that a provision of this sort would be subject to consultation between His Majesty's Government in Canada and His Majesty's Government in the United Kingdom with a view to agreeing upon a revision, if the result of granting such immunity to vessels exceeding 500 net registered tons were to change the present character of the smuggling trade. It is understood that the powers under

Section 151 would not be exercised in respect of any vessel unless there were reasonable grounds for suspicion that the vessel was engaged in smuggling liquor into Canada.

(d) The exercise of the power to bring in vessels exceeding 500 net registered tons into port would be restricted to vessels included in a list to be agreed upon between the two Governments or to cases which, after examination, it was found that the vessel had been, or was, engaged directly or indirectly in liquor smuggling into Canada.

(e) Generally, the powers involved in the bringing into operation of the provisions of Section 151 of the Customs Act would not be exercised in a manner that would be likely to involve interference with legitimate trade.

9. Any claims by a vessel for compensation on the ground that it had suffered loss or injury through the improper or unreasonable exercise of the powers under Section 151 in "Canadian customs waters" would be referred to the consideration of a person appointed by the Canadian Government for the purpose in agreement with the United Kingdom Government, and the Canadian Government agree to give effect to any recommendation by that person regarding payment of compensation.

10. As regards the duration of the agreement set out in this letter, His Majesty's Government in Canada desire that they should remain operative so long as the problem of liquor smuggling persists, with which they are intended to deal. It is understood, however, that the arrangements could be modified at any time by agreement between the two Governments and that each Government would reserve the right to terminate the arrangements for sufficient cause. The Canadian Government suggest that the arrangements should be regarded as terminable by either Government only after consultation with the other and on giving six months' notice.

I have etc.

VINCENT MASSEY

[PIÈCE JOINTE 2/ENCLOSURE 2]

*Le secrétaire aux Dominions au haut commissaire en Grande-Bretagne*  
*Dominions Secretary to High Commissioner in Britain*

London, June 23, 1938

Sir,

His Majesty's Government in the United Kingdom have given careful consideration to your letter of the 23rd June and the further letter accompanying it, in which His Majesty's Government in Canada request their concurrence in the exercise of powers in "Canadian Customs waters" for

the purpose of dealing with liquor smuggling vessels registered in parts of the British Commonwealth other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India.

2. The United Kingdom Government recognise the exceptional nature of the difficulties created by the activities of liquor smuggling vessels under the British flag, which by being registered outside Canada escape the control of the Canadian Customs outside Canadian waters, and in the circumstances depicted in your official letter regarding the extent of smuggling activity, concur in the exercise of the powers under Section 151 of the Canadian Customs Act outside Canadian waters in respect of British vessels registered elsewhere than in the Dominions or India, subject, however, to the limitations and understandings set out in paragraph 8 of your letter.

3. In this connection also His Majesty's Government in the United Kingdom have taken into account the assurances given on behalf of the Canadian Government in the letter which accompanied your official letter.

4. The United Kingdom Government agree with the suggestions in paragraph 10 of your official letter regarding the duration of the arrangements.

5. The United Kingdom Government assume that the Canadian Government will now proceed to issue a Proclamation under Section 151 applying the provisions of that Section to the British vessels covered by these arrangements in conformity with the limitations and understandings agreed upon.

6. With regard to the last paragraph but one of your official letter it is understood, of course, that the Arbitrator dealing with claims for compensation would base his decisions on the agreements reached by our two Governments and set forth in these communications (including the letter which accompanied your official letter) as to the circumstances in which the powers will be exercised against the vessels affected.

7. As the Canadian Government will be aware from the semi-official exchanges of view which have already taken place, the United Kingdom Government have proposed, and it is understood the Canadian Government agree, that the communications we have addressed to one another on this subject should not be published as a formal agreement. It will, nevertheless, of course be necessary to inform the shipping industry that the United Kingdom Government have consented to the exercise of these powers. His Majesty's Government in the United Kingdom accordingly propose to make a statement on the subject immediately prior to the coming into operation of the arrangements, and a draft<sup>1</sup> of the statement is enclosed for the information of the Canadian Government. It is presumed that the Canadian Government will make a statement of a similar nature, and His Majesty's Government in the United Kingdom would be glad to be informed of what is proposed in this connection.

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<sup>1</sup> Non reproduit/not printed.



8. In order to enable them to make arrangements for issuing their announcement, the United Kingdom Government would be glad to be informed in advance of the date on which the proclamation will be published.

I have etc.

STANLEY

333.

*Décret du Conseil*  
*Order in Council*

P.C. 1810

July 26, 1938

The Committee of the Privy Council have had before them a report, dated 26th July, 1938, from the Minister of National Revenue, submitting that Sub-section 1 of Section 151 of the Customs Act, as enacted by Section 4 of Chapter 30 of the Statutes of 1936, reads as follows:

The provisions of this section shall extend to vessels hovering in Canadian waters, and in the case of any vessel registered in Canada, or of any unregistered vessel owned by a person resident or domiciled in Canada, or of any other vessels or class of vessels which the Governor in Council may specify or enumerate by proclamation shall also extend to vessels hovering in Canadian customs waters.

The Minister states that difficulties have arisen in the enforcement of the Customs Act by reason of the presence of smuggling vessels hovering off the Canadian coasts and experience has shown that some of such vessels are British vessels registered outside of Canada.

At the request of His Majesty's Government in Canada, and in order to facilitate the work of the Canadian Preventive Service in dealing with these vessels, His Majesty's Government in the United Kingdom has agreed, subject to certain conditions and limitations, to the exercise by the Canadian Customs authorities of the powers contained in the section above in part recited, with respect to vessels registered in parts of the British Commonwealth other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India.

The Committee, therefore, on the recommendation of the Minister of National Revenue, with the concurrence of the Secretary of State for External Affairs, advise:

1. that vessels registered in the United Kingdom or any parts of the British Commonwealth, other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India, be hereby specified as a class of vessels within the meaning of Sub-section 1 of Section 151 of the Customs Act;

2. that the provisions of Section 151 of the Customs Act shall extend to any such vessels, hovering in Canadian Customs waters;

3. that the application of the provisions of Section 151 of the Customs Act to any such vessels shall be subject to the following conditions and limitations:

(a) the exercise of the right of innocent passage through Canadian waters or Canadian Customs waters, or transit through such waters to a Canadian port by any vessel of such class engaged in legitimate trade shall not constitute hovering;

(b) the powers resulting from the proclamation hereinafter provided for under Section 151 of the Customs Act shall not be exercised in the case of any vessels of such class exceeding 500 tons net register, unless such vessels have been included in a list agreed upon by the Governments of Canada and of the United Kingdom, or unless such vessels were acting in a manner inconsistent with employment in legitimate trade;

(c) the exercise of the power to bring any such vessels exceeding 500 net registered tons into port shall be restricted to vessels included in a list as aforesaid, or to cases in which, after examination, it has been found that the vessel has been engaged, directly or indirectly, in liquor smuggling into Canada; and

4. that the above provisions shall come into operation on the first day of August, 1938; and

5. that a proclamation in the above sense be forthwith issued and published in the Canada Gazette.

E. J. LEMAIRE

PARTIE 7/PART 7

TERRE-NEUVE  
NEWFOUNDLAND

DÉFENSE

a.

DEFENCE

334.

*Le haut commissariat de Grande-Bretagne  
au ministère des Affaires extérieures*

*British High Commission  
to Department of External Affairs*

513A/20

Ottawa, September 15, 1937

My dear Christie,

We have been informed that the Air Ministry propose to provide at a cost of approximately £8,000 an amplifier for installation as part of the radio equipment in Newfoundland. The matter is of interest to the Canadian authorities in connection with the understanding that the radio services required in Newfoundland are eventually to be provided by the Canadian

Government (on a basis to be agreed by them with the Government of Newfoundland), subject to the further understanding that during the experimental stage the temporary radio facilities would be established and operated by the United Kingdom authorities.

We are informed that, in conformity with this latter understanding, the necessary equipment for the radio service in connection with the Trans-Atlantic air scheme has, up to the present, been provided under instructions from the United Kingdom, though the officer concerned with the installation has kept in constant touch with the Canadian authorities. The amplifier to which I referred is, I understand, definitely required to meet the need for uninterrupted communication from Canada and to ensure the regular supply of meteorological information in the event of war. It is, however, possible that further experience may prove it to be necessary also for civil purposes for the provision of adequate wireless telegraphic facilities on the North Atlantic route. This latter point, however, is not susceptible of a definite conclusion for some time to come and a further twelve months' experience will probably be necessary.

The United Kingdom authorities are, therefore, anxious to learn whether the Canadian authorities, if experience proves the necessity for this amplifier for civil purposes, would be prepared to take it over as part of the necessary installation of the civil station; they would also be glad to learn whether the Canadian authorities are prepared to give an assurance that if experience does not so confirm the need for this equipment for civil purposes, they would nevertheless undertake to maintain the installation if supplied by the United Kingdom, against the possibility of its being required for use in time of war.

The High Commissioner would be very grateful if you would have this matter considered and would in due course advise him as to the reply which we may return to the above enquiry.

For convenience I am enclosing a copy of this letter.

Yours sincerely,

STEPHEN L. HOLMES

335.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissariat de Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to British High Commission*

Ottawa, January 28, 1938

Dear Mr. Holmes,

Your letter of September 15th last to the Department raised questions regarding an amplifier which the United Kingdom authorities propose to instal in Newfoundland as a part, I understand, of the equipment of the Aeronautical Radio Station at Botwood. The purpose, it is stated, is to pro-

vide uninterrupted communication from Canada and the regular supply of meteorological information in the event of war. The possibility is also envisaged that the amplifier may prove to be necessary as a part of the radio facilities for the transatlantic civil aviation project; but you point out that probably twelve months' experience will be needed before any definite conclusions can be reached on this point.

Your letter asks whether the Canadian Government, if experience proves its necessity for the civil purpose, would be prepared to take over the amplifier as a part of the necessary installation of the civil station. The general arrangement for the transatlantic civil air services provides that the radio facilities in Newfoundland needed for that purpose are to be maintained by the Canadian Government. They are therefore prepared to undertake the maintenance of the amplifier under the same conditions as would apply to the Botwood Radio Station proper.

The further question is raised whether the Canadian Government are prepared to give an assurance that, if experience does not so confirm the need for such an amplifier for civil purposes, they would nevertheless undertake to maintain it, if supplied by the United Kingdom, against the possibility of its being required for use in time of war. Upon this question I am informed that the Government after consideration consider it inadvisable to enter into such a commitment.

Yours sincerely,

O. D. SKELTON

336.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

April 9, 1938

Attached is a letter<sup>2</sup> from National Defence regarding some conversations with the Governor of Newfoundland and Secretary Captain Schwerdt, on the subject of the relation of Newfoundland and Canada defences. Our only copies of the C.I.D. documents referred to have been sent to National Defence, and in the absence of Mr. Christie, who read them, I am not aware of their scope. The question of such conversations is one which I think should appropriately have come before the Defence Sub-Committee of the Cabinet, but Mr. Mackenzie and, I assume, Mr. Lapointe are both absent. Schwerdt, I understand, is to arrive on Monday, and the Governor perhaps on Tuesday. I enclose a copy of the short document prepared by our own staff, referred to in Colonel LaFlèche's letter, and which was considered by yourself and the other Ministers concerned at the time [*sic*] of the Imperial Conference.

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

<sup>2</sup> Non reproduite/not printed.

Sir Francis Floud, when in this morning, said he had just learned today of the desire of the Newfoundland people to hold these conversations. I do not like these things being sprung on such short notice, but possibly permission might be given, subject to a report being sent to you later.

[PIÈCE JOINTE/ENCLOSURE]

*Mémemorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

VERY SECRET

April 5, 1938

DEFENCE OF CANADA - ATLANTIC COAST

1. You will remember that prior to the departure of the Canadian Delegation to the Imperial Conference last year, the Joint Staff Committee submitted to you a memorandum<sup>2</sup> on "The Defence of Sydney and its Steel Industry" together with a covering note (dated 2 April, 1937)<sup>2</sup> which terminated as follows:

Whatever naval, military and air measures the United Kingdom plan to take with respect to the defence of Newfoundland cannot fail to have an important bearing on our defence plans not only for Sydney, also for the entire Canadian Atlantic coast, and in consequence it is urged that occasion be sought to explore this question with the British authorities next month.

2. Although certain informal inquiries concerning the steps contemplated by the Admiralty in the matter of the defence of Newfoundland were put forward by the Chief of the Naval Staff, the general exploration of this mutually important problem was not undertaken in the absence of specific authority to proceed to this end.

3. This Department has recently received Copy No. 15 of the Committee of Imperial Defence document O.D.C. 794-R, "Newfoundland Defence Scheme 1936". It has been the subject of study by the Joint Staff Committee and, as a result, the following observations are submitted for your consideration.

4. In view of the dominant strategic position of Newfoundland in relation to the Gulf of St. Lawrence and the Atlantic seaboard of Canada, it is of vital importance to this country that no actual or prospective enemy should be permitted to utilize that Island, or its Labrador coast line, as a base for naval or air operations.

In addition, as pointed out in the Memorandum previously submitted and referred to in para. 1 above, the security of Bell Island and of sea communications to and from the mines there situated and Sydney, N.S. is essential to the continued operation of the steel industry in Eastern Canada.

<sup>1</sup> Le Comité interforce d'état-major au ministre de la Défense nationale.  
Joint Staff Committee to Minister of National Defence.

<sup>2</sup> Non reproduits/not printed.

5. On the other hand, it would appear from the text of the "Newfoundland Defence Scheme" that the defence preparations contemplated by the British Government in conjunction with the Administration of Newfoundland are of a somewhat superficial nature. In particular, the means allotted for air and naval reconnaissance of its coast line appear dangerously inadequate from the point of view of possible enemy plans for attack on Canadian objectives.

6. It is understood that the Governor of Newfoundland and his Secretary will be in Ottawa for Easter. It is strongly urged that arrangements be made which will permit discussions to be undertaken with these Officials on defence problems of mutual importance during their visit. These discussions would be exploratory and would involve no commitments.

C. F. CONSTANTINE, Major-General  
for Chief of the General Staff  
PERCY W. NELLES, Commodore  
G. M. CROIL, Air Commodore

337.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

April 11, 1938

NEWFOUNDLAND CONVERSATIONS

*April 9, 1938*

Sir Francis Floud stated that he had learned today that the Governor of Newfoundland and his Secretary, Captain Schwerdt, who is a member of some Newfoundland Defence Committee, wished to discuss some questions regarding Newfoundland defence with Canadian officials. Sir Francis said ordinarily such a request should, he thought, have been put forward through the Dominions Office.

I told him that I had had an enquiry from the Department of National Defence on the subject this morning, and had brought it to the attention of the Prime Minister. In view of his statement that Captain Schwerdt was to arrive on Monday, I could only say that it was difficult to understand why further notice had not been given.

*April 11, 1938*

Sir Francis Floud telephoned today to say that he had learned that Captain Schwerdt wished to discuss merely the question of a Reporting Officer under the Naval Intelligence Department, particularly as to whether some Canadian representative could possibly go to Newfoundland and give definite instructions. I told him that I had just heard from the Prime Minister that he had authorized the discussions. So far as the information that had reached me was concerned, it did not indicate that the proposed conversations were to be so definitely limited as he had gathered.

<sup>1</sup> De/by O. D. Skelton.

338.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET

April 21, 1938

1. Following the receipt of the letter dated 11th April, 1938,<sup>2</sup> from the Under-Secretary of State for External Affairs, arrangements were made for representatives of the three Services to meet the Secretary of the Governor of Newfoundland. On Tuesday, 12th April, Colonel Crerar (D.M.O. and I.),<sup>3</sup> Group Captain Breadner (A.S.O.)<sup>4</sup> and Commander Lane (D.N.I. and P.)<sup>5</sup> met Captain C. M. R. Schwerdt, R.N., Secretary to the Governor, at Naval Service Headquarters.

2. It was made quite clear to Captain Schwerdt that discussions in regard to the Newfoundland Defence Scheme were purely exploratory and Captain Schwerdt, on his part, made it equally clear that he was in no way able to give any official view, but that he was permitted by His Excellency the Governor to explain any matters referred to in the Scheme, on which information was desired, to the best of his ability.

These discussions, therefore, involved no commitment to either Government.

3. Captain Schwerdt pointed out at the outset of the discussion that the defence of Newfoundland under the particular conditions now obtaining rested entirely in the hands of the British Government authorities and that any points on which we required an official opinion must be raised with that Government.

He also observed that while the Newfoundland Commission of Government desired to take every possible step for Newfoundland defence in accordance with the fundamental principle of Imperial Defence—(i.e. that each part of the Empire should provide, as far as possible, for its own local defence), Newfoundland's financial resources available for defence were very limited.

4. Questions were then raised regarding certain aspects of the problem of Newfoundland defence of particular concern to this country. It was pointed out that unless forces were made available for the effective air and naval reconnaissance of the coast of Newfoundland and Labrador that enemy air, surface or submarine raiders might readily establish bases in these waters from which attacks could be directed against our shipping in the Gulf of St. Lawrence and off the East Coast. A further item of marked importance to

<sup>1</sup> Le Comité interforce d'état-major au ministre de la Défense nationale.  
Joint Staff Committee to Minister of National Defence.

<sup>2</sup> Non reproduite/not printed.

<sup>3</sup> Directeur des Opérations militaires et des Renseignements.  
Director of Military Operations and Intelligence.

<sup>4</sup> Officier d'état-major de l'Air.  
Air Staff Officer.

<sup>5</sup> Directeur des Renseignements navals et des Plans.  
Director of Naval Intelligence and Plans.

Canada is the security, in war, of the iron ore mines on Bell Island, Conception Bay, on which the activities of the Dominion Coal and Steel Corporation at Sydney, N.S. depend.

Captain Schwerdt, in reply, stated that the need for joint consideration of the measures required to meet these problems was fully appreciated and that he saw no obstacle to the closest co-operation of the Newfoundland and Canadian authorities provided matters were raised first through the proper channels.

5. The Joint Staff Committee has considered the report of the Service representatives as summarized in the preceding paragraphs. The Committee desires to emphasize the fact that Canadian measures for the protection in war of harbours and shipping in the St. Lawrence and Atlantic Coast area are, of necessity, dependent upon the means of defence which may be made available to Newfoundland. A proper appreciation of the defence requirements on Canada's Eastern seaboard is therefore only possible if the measures to be taken by the British Government in respect to Newfoundland are known.

It is therefore strongly recommended that an enquiry of the British Government should be made to ascertain what measures, Naval and Air, for the defence of Newfoundland are contemplated in the event of a European war.

E. C. ASHTON, Major-General  
H. A. C. LANE, for Commodore  
Chief of the Naval Staff  
G. M. CROIL, Air Commodore

339.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 185

Ottawa, July 27, 1938

SECRET

Sir,

I have the honour to state that during a visit of the Governor of Newfoundland in Ottawa at Easter time, the occasion was taken to arrange for a conversation between his Secretary, Captain C.M.R. Schwerdt, R.N., and representatives of the three defence Services of Canada, who desired to obtain if possible information concerning certain aspects of the defence of Newfoundland.

2. The conversation, which both sides understood to be wholly of an informal and exploratory nature, was held on April 12, 1938, at the Canadian Naval Service Headquarters.



3. The Canadian officers mentioned specially two aspects of the problem of Newfoundland defence as being of particular concern from their point of view in relation to the defence of Canada: (a) the danger of enemy air, surface or submarine raiders establishing bases on the Newfoundland and Labrador coasts to operate against Canadian shipping in the Gulf of St. Lawrence and off the East coast; and (b) the danger of the interruption of iron ore shipments from Newfoundland to the steel works at Sydney, N.S.

4. Captain Schwerdt pointed out in reply that the problem of the defence of Newfoundland now rested entirely in the hands of the Government of the United Kingdom, so that information in that regard should properly be sought from that Government.

5. Accordingly the Canadian Government wish to inquire whether the United Kingdom Government are in a position to state, for the information of the Canadian Government, what measures, naval and air, for the defence of Newfoundland are contemplated in the event of war.

I have etc.

W. L. MACKENZIE KING

340.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 323

London, October 21, 1938

SECRET

I have the honour to refer to your secret despatch No. 185 of the 27th July regarding conversations earlier in the year between the Secretary to the Governor of Newfoundland and representatives of the three defence services of Canada, as a result of which His Majesty's Government in Canada enquired what measures, naval and air, for the defence of Newfoundland were contemplated by His Majesty's Government in the United Kingdom in the event of war.

2. The position in this respect is that no specific measures for the local defence of Newfoundland in war are proposed on the part of naval and air forces of the United Kingdom other than the despatch to St. John's of six auxiliary mine-sweeping vessels and three auxiliary anti-submarine vessels at a later stage after the outbreak of war. It is, however, contemplated that the general defence of the territory would rest on the cover provided by the Royal Navy. Present plans are based on the assumption that, in the contingency envisaged in your despatch, trade protection units of the Royal Navy would be based at Halifax and that an air squadron, if available, would also be located there for the same duties. No squadron of the peace time Royal Air Force, however, is earmarked for this purpose and, in order to

carry out the above plans the necessary Squadron would either have to be raised as a new unit in the United Kingdom after the outbreak of war or be provided from some other source in the British Commonwealth.

I have etc.

DEVONSHIRE for the . . .

341.

*Le secrétaire d'État aux Affaires extérieures  
au gouverneur de Terre-Neuve  
Secretary of State for External Affairs  
to Governor of Newfoundland*

PARAPHRASE OF TELEGRAM 6

Ottawa, September 2, 1939

SECRET. IMMEDIATE. A request has been received from the Commander-in-Chief of West Indies Squadron Royal Navy for an air reconnaissance of the Newfoundland coast in order to ensure that no enemy ships are in adjacent waters. Canadian Defence authorities are prepared to make reconnaissance using two flying boats. Please inform us at earliest convenience if this reconnaissance is approved by the Newfoundland Government.

342.

*Le gouverneur de Terre-Neuve au secrétaire d'État  
aux Affaires extérieures  
Governor of Newfoundland to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM

St. John's, September 3, 1939

With reference to your telegram September 2nd, No. 6, proposed reconnaissance approved by Newfoundland Government, and all facilities will be afforded. Ends.

343.

*Le secrétaire d'État aux Affaires extérieures  
au gouverneur de Terre-Neuve  
Secretary of State for External Affairs  
to Governor of Newfoundland*

PARAPHRASE OF TELEGRAM 7

Ottawa, September 5, 1939

SECRET. IMMEDIATE. The Canadian Government would like to have authority for Royal Canadian Air Force to fly over any part of Newfoundland

and Labrador and to make use of airport facilities available should it be considered necessary to do so, and trust this will be agreeable to the Newfoundland Government.

A reply as soon as possible would be greatly appreciated. Ends.

344.

*Le gouverneur de Terre-Neuve au secrétaire d'État  
aux Affaires extérieures*

*Governor of Newfoundland to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM

St. John's, September 6, 1939

SECRET. Your telegram No. 7, September 5th. It will be entirely agreeable to this Government for Royal Canadian Air Force to fly over any part of Newfoundland and Labrador and to make use of airport facilities available when necessary. Authority is granted accordingly.

QUESTIONS DOUANIÈRES

b.

CUSTOMS QUESTIONS

345.

*Le secrétaire d'État aux Affaires extérieures  
au secrétaire, la Commission de gouvernement, Terre-Neuve*

*Secretary of State for External Affairs  
to Secretary, Commission of Government, Newfoundland*

Ottawa, May 10, 1938

Sir,

The attention of the Canadian Government has been drawn to changes made in the past year or two in the Newfoundland fishing regulations—changes which have cancelled privileges that have been in operation for a great many years and which cause considerable hardship to Canadian vessels fishing in Newfoundland waters or on the neighbouring Banks.

The first of these relates to the regulations governing ships' stores. Canadian vessels calling at Newfoundland ports to take on crews, equipment, bait, etc., have had customs duties levied on the ships' stores even though such stores have not been landed in Newfoundland and have, indeed, in

many cases brought back to Canada, in part at least, unconsumed. The Canadian Government, on its side, collects no duties on ships' stores carried by Newfoundland fishing vessels, unless, as rarely happens in practice, such stores are landed in Canada.

The second point to which I should like to refer relates to the warehousing of fish. For many years past it has been the custom for Nova Scotian fishing vessels, after a trip to the fishing grounds, to place fish in Newfoundland warehouses pending their return to the Banks to catch sufficient fish to load their vessels. The fish, of course, are not intended for sale in Newfoundland. This practice has resulted in the purchase of bait, salt, etc. from local merchants and, generally, has brought more business to Newfoundland ports. In the last year or two this long-established privilege has been refused Canadian vessels. Newfoundland vessels may, however, land their catch in Canada free of duty and taxes.

In view of the hardships which the enforcement of these new regulations is causing to Canadian fishermen and of the very favourable treatment which continues to be accorded in Canada to Newfoundland fishing vessels and to Newfoundland fish, it would be greatly appreciated if the appropriate authority of the Newfoundland Government could see its way to remove the disabilities above mentioned and to restore that measure of reciprocity which has prevailed with respect to vessels and fish between Canada and Newfoundland for so many years past.

I have etc.

O. D. SKELTON for the . . .

346.

*Le secrétaire, la Commission de gouvernement, Terre-Neuve  
au secrétaire d'État aux Affaires extérieures*

*Secretary, Commission of Government, Newfoundland  
to Secretary of State for External Affairs*

St. John's, May 18, 1938

Sir,

I have the honour to acknowledge receipt of your communication of the 10th instant, in relation to certain changes in the regulations covering the treatment of fishing vessels frequenting Newfoundland waters.

I have referred your representations on this subject to the appropriate Department.

I have etc.

W. J. CAREW

347.

*Le secrétaire d'État aux Affaires extérieures  
au secrétaire, la Commission de gouvernement, Terre-Neuve*  
*Secretary of State for External Affairs  
to Secretary, Commission of Government, Newfoundland*

Ottawa, December 23, 1938

Sir,

In my letter addressed to you, dated the 10th May, 1938, I raised certain questions arising out of recent changes in the treatment accorded to Canadian fishing vessels in Newfoundland ports.

The questions related to the application of the regulations governing ships' stores and to the warehousing of fish. By reason of the hardships which the enforcement of these regulations was causing to Canadian fishermen, and of the favourable treatment which continues to be accorded in Canada to Newfoundland fishing vessels and to Newfoundland fish, the Canadian Government urged your Government to remove the disabilities and to restore that measure of reciprocity which had prevailed with regard to vessels and fish between Canada and Newfoundland, for so many years.

The special case which had brought this matter to the attention of the Canadian Government was the claim of the schooner "A. W. Chisholm". This Canadian schooner was sent on a fishing trip in the spring of 1937. Arrangements were made for her to call at Badger's Quay. It appears that the Collector of Customs charged duties on the schooner's stores, the total charge being as follows:

Duty collected	\$306.36	
Expenses	6.00	\$312.36

A claim was submitted by Senator Duff on behalf of the schooner, which is to be found in correspondence between him and the Commissioner of Customs at St. John's, Newfoundland, commencing with a letter addressed to the Commissioner, dated the 19th June, 1937, and ending with a letter from Senator Duff to Mr. Dunn, dated the 12th October, 1937. A reference to this correspondence, which I have no doubt is in the hands of the Commissioner of Customs, will give the complete details of the schooner's claim.

It had been the intention of the Canadian Government to defer any specific reference to the "Chisholm" claim until the questions of principle, dealt with in my letter of the 10th May, had been settled. It now seems to be likely that it may take some time to provide for an examination of all the questions of policy involved, and it is undesirable that the position of the "Chisholm" claim should be prejudiced by unnecessary delay.

In bringing this claim, formally, to the attention of your Government, the Canadian Government does not intend to suggest that there has been any

default, or any improper conduct by the Collector or any other official of the Newfoundland Government. Without raising the question of the technical legality of the imposition of these duties, and without further consideration of the question of the desirability of their repeal, there are certain considerations relating solely to the position of the schooner, and the owners of the schooner, which should not be overlooked.

The imposition of the duties on the ship's stores, in this case, appears to involve an innovation from the practice followed in dealing with such matters, whether in Newfoundland or in Canada, or in any other country with whose regulations I am familiar. It presents such a complete change in the treatment of fishing vessels, in so far as customs administration is concerned, that I venture to suggest that it would be an appropriate case for the exercise of executive clemency. When radical changes are made in matters of this sort, it is an ordinary practice, both for your Government, the Canadian Government and other neighbouring Governments, to treat the first cases under the new practice as being in the nature of warnings, bringing home to fishermen and other interested persons the new position.

It is hoped, therefore, that your Government will give sympathetic consideration to the owner's request for refunding the monies paid on account of duty and expenses. This might well be done irrespective of the disposition of the questions of policy involved.

I have etc.

O. D. SKELTON for the . . .

348.

*Le secrétaire, la Commission de gouvernement, Terre-Neuve  
au sous-secrétaire d'État aux Affaires extérieures  
Secretary, Commission of Government, Newfoundland  
to Under-Secretary of State for External Affairs*

St. John's, February 9, 1939

Sir,

I have the honour to refer to the correspondence ending with your letter of December 23rd, 1938, which has reference to the alleged changes in the treatment accorded to Canadian fishing vessels entering ports in Newfoundland, and in particular to the claim made in respect of the schooner "A.W. Chisholm" which visited this Country in the Spring of 1937. It was the understanding of the Government that all questions in connection with this particular case had been disposed of by the remission of duties upon certain of the equipment of the schooner in question, as explained by the then Chairman of the Board of Customs to the Honourable W. Duff of Lunenburg in a letter dated 6th October, 1937.

Section 158(1) of the Newfoundland Customs and Excise Act 1938 provides, however, that all vessels desiring to take part in the fisheries of

Newfoundland must obtain a special fishery clearance and must not have on board any goods subject to duty upon which duty has not been paid. It should not be overlooked that if a Newfoundland vessel in possession of a special fishery clearance touches at a Canadian or foreign port, its Newfoundland fishery clearance is thereby automatically cancelled, and on returning to Newfoundland any such vessel becomes liable to all the Customs Regulations regarding the arrival of vessels from a foreign country and consequently to the payment of duty upon any stores or equipment which may have been purchased outside this Country. Newfoundland vessels are not therefore specially favoured in this respect.

It would not appear that vessels of Newfoundland registry receive "favourable treatment" in Canada. Any such vessels pay the dues normally chargeable on vessels of any nationality visiting Canada, and they do not receive a remission of duty upon any goods purchased there when taken on board their vessels. It is also understood that the purchase of goods, free of duty ex bond, is permitted only when a clearance is granted for deep sea fishing. The admission into Canada of fish caught by vessels of Newfoundland registry free of duty is, of course, treatment which would similarly be accorded to fish caught by vessels of Canadian registry if landed in Newfoundland for consumption here.

Vessels in possession of Newfoundland fishery clearances are permitted to land their catch in this Country and return to the fishing grounds to resume fishing. No other vessel, however, is accorded this privilege. To do so would in fact be tantamount to establishing a base in Newfoundland for foreign fishing vessels, and as these vessels would not have paid duty on their stores they would be in a position of unfair advantage as compared with local vessels which had paid such duties.

The requirement that duty be paid upon stores falls equally upon vessels of Newfoundland registry or vessels engaged in the fisheries or coastal trade of Newfoundland. Canadian vessels entering into the trade or fisheries of this Island pay neither less nor more than Newfoundland vessels. There is therefore no question of the application to Canadian vessels of any invidious distinction or indeed of any treatment different to that accorded to our own vessels.

While it may be that in the past isolated cases have occurred in which the requirements of the law were not sufficiently understood by the officers of Customs in the more remote outports, and that in consequence Canadian fishermen were not called upon to pay duties which were, in fact, prescribed by Newfoundland law, or that unauthorized landings of fish were permitted, the Government is unable to accept your contention that the enforcement of the law introduces any innovation, or that there has been any change whatever in the treatment of Canadian fishing vessels.

I have etc.

W. J. CAREW

## PARTIE 8/PART 8

CONSTITUTION IRLANDAISE  
IRISH CONSTITUTION

349.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

Ottawa, February 3, 1937

My dear Prime Minister,

I have received a telegram from the Secretary of State for Dominion Affairs instructing me to send you the enclosed memorandum setting out the views of His Majesty's Government in the United Kingdom on the recent legislation passed in the Irish Free State following on the abdication of King Edward VIII. I enclose also a copy of the text of the Irish Free State Executive Authority (External Relations Act) which is the second of the two Acts recently passed in the Irish Free State.

His Majesty's Government in the United Kingdom would be glad to know whether, in the opinion of yourself and your colleagues, the constitutional proposals of the Irish Free State, as described in the memorandum, should or should not be treated as affecting a fundamental alteration in the position of the Irish Free State as a member of the British Commonwealth of Nations.

The Secretary of State has sent a similar message to the High Commissioners for the United Kingdom in the other Dominions and to the Governor General of New Zealand.

Yours very sincerely,  
F. L. C. FLOUD

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire*<sup>1</sup>*Memorandum*<sup>1</sup>

February 2, 1937

His Majesty's Government in the United Kingdom have very carefully considered the situation resulting from the passage of recent legislation in the Irish Free State following upon the abdication of King Edward VIII and they feel that a stage has been reached when they should give His Majesty's other Governments an account of the position as they see it. Mr. De Valera has told us that he does not intend to inform other Dominion Governments of the legislation, as in his view it does not make any fundamental alteration in the existing position regarding the Free State's relationship to the British

<sup>1</sup> Du gouvernement de Grande-Bretagne/by British government.



Commonwealth of Nations and that therefore such procedure is not required. But he has readily agreed that we should communicate to the other Dominion Governments whatever information and views we may think desirable on the matter. The legislation does make a material alteration in the Constitution of the Irish Free State as described below, and in our view the changes are sufficiently important to warrant consideration by His Majesty's other Governments as to their possible effect on the Irish Free State's relationship to the British Commonwealth of Nations.

2. Before giving an account of the actual legislation, reference should be made to the events leading up to its enactment. In June last the Irish Free State Government informed us informally "as a matter of courtesy" of a communication which they had addressed to the King announcing their intention to introduce legislation to set up a new Constitution in the Irish Free State. They told us that the communication intimated that the change would concern only the internal affairs of the Free State leaving unaffected the Constitutional usage relating to external affairs. Amongst new provisions would be creation of the office of a President elected by the people and abolition of the office of Governor-General.

3. At the time when this information was received the Government here had already for some time been examining the possibility of initiating informal discussions with the Irish Free State Government with a view to endeavouring to reach a solution of the outstanding questions at issue between the two countries. Consequently in replying to Mr. De Valera's communication we let him know that we were reviewing the whole question of relations between the two countries, and that as soon as our review was complete we would propose preliminary discussions between officials from both sides to see whether a basis for agreement could be found.

4. Informal discussions covering various outstanding questions took place between officials during the autumn, but little progress was made. In the course of these Mr. De Valera informed us that he proposed at about the time when he introduced his new Constitution Bill to introduce also a Bill dealing with the Free State's external affairs, in which its relations to the British Commonwealth of Nations would be defined. He let us know that the King's function regarding the external affairs of the Irish Free State would be confirmed in that Bill. He also told us that he intended, in advance of publication of the two Bills, to communicate their terms informally as a matter of courtesy to the United Kingdom and other Dominion Governments.

5. But before effect could be given to this intention events connected with the abdication of King Edward VIII occurred, and as a result Mr. De Valera without any further previous consultation introduced into the Dail and secured immediate passage of two Bills dealing with this matter.

6. The first of these Acts amends the existing Constitution and, excepting for the clause quoted below, deals wholly with the internal government of the Irish Free State. We understand from Mr. De Valera that this is a temporary

measure and that he intends as early as possible to replace it and the existing Constitution by new Constitutional legislation, which he has been preparing for some time and which was foreshadowed in his communication to the King last June. The recent amending Act leaves untouched Article 1 of the existing Constitution which states that "the Irish Free State is a co-equal member of the community of nations forming the British Commonwealth of Nations" but deletes all references in the Constitution to the King and the representative of the Crown except that Article 51 of the Constitution is amended to read as follows:

There shall be a Council to exercise the executive authority and power of the Irish Free State (Saorstát Eireann) to be styled Executive Council. Provided that it shall be lawful for the Executive Council to the extent and subject to any conditions which may be determined by law to avail, for the purpose of appointments of diplomatic and consular agents and the conclusion of international agreements, of any organ used as a Constitutional organ for the like purposes by any of the nations referred to in Article 1 of this Constitution. The Executive Council shall be responsible to the Dail Eireann and shall consist of not more than twelve nor less than five Ministers appointed in the manner hereinafter provided.

The King's functions in internal affairs (performed for him by the Governor-General) are thus all abolished; they will be performed partly by the Speaker of the Dail and partly by the President of the Executive Council.

7. The second Act regularizes in the Free State the position resulting from King Edward VIII's abdication and provides for the execution by the King of certain functions in relation to the external affairs of the Irish Free State.

Mr. De Valera tells us that, when his new Constitutional legislation referred to in the preceding paragraph is passed, this second Act will still remain on the Statute Book as a sort of partner to that legislation.

8. Further light was thrown on the position by Mr. De Valera's speech in the Dail debate at the time when the legislation was introduced and also by conversations which I had with him subsequently in London. From these the following information as to his views and intentions emerges.

(a) the legislation does not affect the King's title. His Majesty is still "King of Great Britain, Ireland and the British dominions beyond the Seas, Defender of the Faith, Emperor of India"

(b) although the King (or his representative) ceases to perform any functions in the internal affairs of the Irish Free State it is as "King of Great Britain, Ireland and the British dominions beyond the Seas etc." that His Majesty will continue to perform functions regarding the Irish Free State's external affairs

(c) the functions specifically mentioned in the legislation (i.e. the appointment of Consular and Diplomatic representatives and the conclusion of international treaties) are not intended to be an exclusive list. Under the words "All other, if any, purposes" in clause 3(2) of the External Relations Act, His Majesty will continue to perform any

other constitutional functions which he would have performed for the Irish Free State before the Act was passed and which he continues to perform for other members of the Commonwealth.

(d) So long as other members of the Commonwealth wish to retain the Crown as the symbol of their association and so long as the Irish Free State remains a member of the Commonwealth the Irish Free State will recognise the Crown as the symbol of its association also.

(e) Mr. De Valera does not intend to include in the proposed new Constitutional legislation (which will replace the existing Constitution and the present Act amending it) Article 1 of the existing Constitution which declares "the Irish Free State is a co-equal member of the community of nations forming the British Commonwealth of Nations". He explained that this is not because he intends that the Free State should cease to be a full member of the Commonwealth (which he does not) but because he gave a pledge to his supporters some time ago that the new Constitution Bill dealing with internal affairs would be so drawn that it would not itself require amendment if the Free State ever decided to sever its connection with the Commonwealth and to become a Republic. In his view the External Relations Act defines sufficiently the position of the Irish Free State as a member of the Commonwealth.

9. The Cabinet have now considered the position bearing in mind the two fundamental considerations (1) the importance of doing everything which can properly be done to facilitate wholehearted co-operation between the members of the British Commonwealth and (2) the necessity of maintaining the essential principles of association between the nations of the Commonwealth which constitute its special character and justify these nations in extending advantages to one another which they do not extend to nations outside the British Commonwealth. It seems to His Majesty's Government in the United Kingdom that recognition of the Crown is one of these essential principles. Otherwise for example Imperial Preferences might no longer be justified in the light of existing most-favoured-nation provisions in commercial treaties.

10. In our view the question of whether this legislation affects the Irish Free State's relationship to the Commonwealth of Nations is a matter of concern to all members of the Commonwealth, and therefore we decided that we could not reach a final conclusion on it until after communication and consultation with other Dominion Governments. But having studied the new Irish Free State Constitutional proposals and Mr. De Valera's observations on them we have reached the tentative conclusion that whilst we regret that these proposals involve the disappearance of Constitutional forms in relation to the King which are employed by other members of the Commonwealth we should be prepared to treat the proposals as not effecting a fundamental alteration in the position of the Irish Free State as a member of the Commonwealth.

11. At the same time, although Mr. De Valera's explanations have greatly clarified the position, the wording of the legislation itself does not appear to us to make certain important points sufficiently clear and we would propose for our part to urge upon Mr. De Valera certain points in order to make plain in legislative documents the Irish Free State's full membership of the Commonwealth and recognition of the King as symbolical of its association with the other members. This seems to us important if the special nature of our association is to be maintained, and we are anxious to avoid the risk of special advantages which we accord to each other being challenged by some foreign governments. The points which we would urge are:

(a) Article 1 of the present Constitution—or its equivalent—should be included in the proposed new Constitution. If this is impracticable for reasons which Mr. De Valera has given he should include it as an additional clause to his External Relations Act. We attach particular importance to this.

(b) The words "symbolical of their cooperation" in Section 3(1) of External Relations Act might be read to mean that whilst the King is recognized as the orthodox symbol between the other members of the Commonwealth he is not recognized by the Irish Free State as the symbol of its cooperation also. It is desirable that it should be made clear that the Irish Free State does recognize him as the symbol of the cooperation of the other members of the Commonwealth.

(c) The use of the word "organ" to describe the King in the amendment to Article 51 of the existing Constitution seems to us unfortunate, especially as this Article forms the only link between the Constitution and the External Relations Act. In order to make the position clear it would seem desirable that the Article should be reworded so as to make specific reference to the King.

350.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, February 27, 1937

Dear Sir Francis,

Referring to your letter and the enclosed Memorandum, setting forth the views of His Majesty's Government in the United Kingdom on the recent legislation passed in the Irish Free State, following on the abdication of King Edward VIII, I may say that your action in bringing this matter to the attention of the Canadian Government, has been very much appreciated.

You have expressed a desire to ascertain the views of the Canadian Government, with regard to the constitutional proposals of the Irish Free State, as described in the Memorandum, and particularly whether they should or should not be treated as effecting a fundamental alteration in the position of the Irish Free State as a member of the British Commonwealth of Nations.

With regard to this particular question, the Canadian Government concurs in the tentative conclusion in Paragraph 10 of the Memorandum, to the effect that the proposals should not be regarded as effecting a fundamental alteration in the position of the Irish Free State as a member of the Commonwealth.

While your Government's regret at the disappearance of certain constitutional forms is understood, and, while certain specific aspects of the legislation might not meet with favour if their adoption should be proposed in Canada, the Canadian Government would be reluctant to offer any criticism of the details of the legislation. It is the view of this Government that the members of the British Commonwealth of Nations may be interested in the legislation of a particular member, to the extent that that legislation may involve a fundamental change in the relationship *inter se* of the members of the Commonwealth.

Having established that the proposals do not effect a fundamental alteration in the position of the Irish Free State as a member of the Commonwealth, it would seem to follow that the Canadian Government should not offer any observations as to the detailed provisions.

Without entering upon a discussion of the points raised in the eleventh paragraph of the Memorandum, which are subject to the preceding remarks, I venture to suggest that the action taken in the Irish Free State may be interpreted in a somewhat different way. It may be pointed out, for example, that there is no provision in the Canadian Constitution corresponding to Article I of the Irish Constitution. The elimination of Article I would not, in our opinion, make the Irish Free State any less a member of the British Commonwealth than Canada. Both of these members would find their position stated in other constitutional documents, such as the Report of the Imperial Conference 1926. The fact that it is not stated in the Constitution as such does not seem to be of serious import.

With regard to the point dealt with in Subparagraph (b), while we appreciate that it is possible to construe the word "their" as relating only to Australia, Canada, Great Britain, New Zealand and South Africa, we are not inclined to think that such a construction would be justified if the Act is considered as a whole. The operative language seems to repel such a construction. The King is to act on behalf of the Irish Free State, on the advice of the Executive Council, in external relations, and this appears to be a definite statutory recognition by the Irish Free State of the position of the King as the symbol of their co-operation with the other members of the Commonwealth.

The point dealt with in Subparagraph (c) presents more difficulty. The language used is not felicitous and it may well give rise to misunderstanding in the minds of many people. I am confident that no reflection could possibly have been intended by the legislative authority in the Irish Free State in using the term in question, and it may well be hoped that the Irish authorities, when they become aware of this possible misunderstanding, will give consideration to the possibility of a change in phraseology.

You will understand, therefore, that the Canadian Government would not desire to participate in representations to the Government of the Irish Free State with regard to the detailed aspects of the drafting of this legislation.

Yours sincerely,  
[W. L. MACKENZIE KING]

351.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

171/36-7

Ottawa, March 26, 1937

SECRET AND IMMEDIATE

My dear Prime Minister,

In a telegram received late last night I am instructed by my Government to consult you again as a matter of urgency regarding the constitutional legislation of the Irish Free State. As you will no doubt be aware, I had occasion to write to Mr. Lapointe as Acting Prime Minister during your absence in connexion with a statement which my Government were anxious to communicate informally to Mr. De Valera as soon as possible. I enclose the text of this statement in its latest form.

My correspondence<sup>1</sup> and conversations with Mr. Lapointe turned mainly on the final paragraph of the statement. On the 16th March he informed me that the Canadian Government would be prepared to give their concurrence to the proposed action on the part of my Government and to the text of the statement, provided that it was made quite clear in the concluding paragraph that their association with my Government in the terms of the statement was limited to agreement on their part with the conclusion which, as indicated in the ante-penultimate paragraph, the Government of the United Kingdom have reached. With this in view Mr. Lapointe accepted a redraft of the final paragraph in the following terms:

the text of the above statement has been communicated to the Governments of Canada, the Commonwealth of Australia, New Zealand and the Union of South Africa and they are in agreement with the conclusion reached as set forth in the ante-penultimate paragraph.

You will see that the version of the final paragraph in the enclosed text, which, I understand, the other Dominion Governments are prepared to accept, is identical in sense with the form accepted by Mr. Lapointe and is, in fact, even more specific in relation to the point which he wished to have made clear.

I hope, therefore, that you will be agreeable to my informing my Government that you are prepared to accept the present draft. They feel that

<sup>1</sup> Non reproduite/not printed.

it is of great importance that the statement should now be communicated to Mr. De Valera with the minimum of delay. I should accordingly be most grateful if you could authorise me at once to communicate with my Government to the above effect.

Yours very sincerely,  
F. L. C. FLOUD

[PIÈCE JOINTE/ENCLOSURE]

[n.d., 1937]

The United Kingdom Government have considered very carefully the recent constitutional legislation of the Irish Free State from the point of view of its possible effect on the relationship of the Irish Free State to the British Commonwealth of Nations.

In the United Kingdom Government's view this legislation involves a departure from the provisions of the Articles of Agreement of the 6th December, 1921, and in their opinion therefore the change should properly have been the subject of prior consultation. They regret the disappearance as regards the internal affairs of the Irish Free State of the constitutional forms in relation to the King which are in use by the other Members of the Commonwealth. At the same time they understand the position to be as follows:

1. The Irish Free State desires to remain a co-equal Member of the British Commonwealth of Nations.
2. The Crown remains the symbol of the association of the Members of the British Commonwealth of Nations.
3. The King's title remains unaffected by the legislation. It is as King of Great Britain, Ireland and the British dominions beyond the seas that he continues as heretofore to exercise his functions in regard to the external affairs of the Irish Free State.

On this basis the United Kingdom Government have reached the conclusion that they are prepared to treat the Irish Free State legislation in question as not effecting a fundamental alteration in the position of the Irish Free State as a Member of the British Commonwealth.

The United Kingdom Government hope that there may be a fuller development of cooperation in all matters of common concern. They for their part believe such cooperation to be in the mutual interest of both peoples.

The text of the above statement has been communicated to the Governments of Canada, the Commonwealth of Australia, New Zealand and the Union of South Africa, and they also are prepared to treat the Irish Free State legislation in question as not effecting a fundamental alteration in the position of the Irish Free State as a Member of the British Commonwealth.

352.

*Le haut commissaire de Grande-Bretagne au Premier ministre*  
*British High Commissioner to Prime Minister*

171/36-7

Ottawa, April 1, 1937

SECRET

My dear Prime Minister,

With reference to my Secret and Immediate letter to you of March 26th with regard to the constitutional legislation of the Irish Free State, and to the interview which I had with you on the subject the same day, I conveyed at once to the Secretary of State your view that the form of the final paragraph in the statement which was proposed to be communicated informally to Mr. De Valera was open to objection on the ground that it might imply the association of Canada with the expressions of opinion by the United Kingdom Government in the earlier paragraphs of the statement. I explained that you attach importance to avoiding any suggestion that Canada was being brought into any matters of domestic dispute between the Governments of the United Kingdom and the Irish Free State and that consequently you would prefer that the final paragraph of the statement should be redrafted as follows:

The Governments of Canada, the Commonwealth of Australia, New Zealand and the Union of South Africa also are prepared to treat the Irish Free State legislation in question as not effecting a fundamental alteration in the position of the Irish Free State as a Member of the British Commonwealth. The text of this statement has been communicated to the above mentioned Governments.

I am glad to say that I have received a telegram from the Secretary of State to say that the redraft of the final paragraph which you suggested can be accepted from the point of view of the United Kingdom Government, and that they are communicating it to the other Governments forthwith.

The Secretary of State, however, wishes me to assure you that the last thing the United Kingdom Government had in mind was to embroil Canada or the other Dominions in their domestic dispute with the Irish Free State. On the contrary, the policy of the United Kingdom Government, ever since the dispute with the present Irish Free State Government, has been to avoid any such thing, and it was with this object that care was taken in preparing the draft statement to confine the agreement of the Dominion Governments to the conclusion set out in the ante-penultimate paragraph of the statement.

I hope, therefore, that this question will now be settled to your satisfaction, but I have been instructed to convey to you the following observations on certain points which were dealt with in your letter to me of the 27th February in relation to the memorandum by the United Kingdom Government on the whole subject, a copy of which I sent you in my letter of February 3rd.



The Secretary of State points out that the concluding words of paragraph 10 of the United Kingdom memorandum in which it was stated that they would "be prepared to treat the proposals as not effecting a fundamental alteration in the position of the Irish Free State as a Member of the Commonwealth" were chosen with the object of avoiding a definite committal to the view that no fundamental alteration was in fact effected by the Irish Free State constitutional proposal. In the third paragraph of your letter of February 27th you expressed the concurrence of the Canadian Government in the tentative conclusion in paragraph 10 of the memorandum by the United Kingdom Government "to the effect that the proposals should not be regarded as effecting a fundamental alteration etc." Further, in the fifth paragraph of your letter you say "having established that the proposals do not effect a fundamental alteration in the position of the Irish Free State as a Member of the Commonwealth". In view of the differences between the above expressions in your letter and the wording of the concluding words of paragraph 10, the Secretary of State feels that the precise significance of the phrase used by the United Kingdom Government has not been fully appreciated and he thinks it desirable to point out the distinction in order that there may be no misunderstanding on the question.

With regard to the observations in the sixth paragraph of your letter of February 27th as to the question of the retention of Article I of the existing Irish Free State Constitution, the Secretary of State found some difficulty in following your arguments. He points out that admittedly no such provision as appears in that Article is contained in the British North America Act, but the idea of the British Commonwealth of Nations as such did not exist at the time that Act was drafted, and in any case there would not appear to be any need for such a clause in relation to Canada in the light of the various sections of the British North America Act which make clear the relationship of Canada to the Crown. If similar clauses appeared in the Irish Free State Constitution no difficulties would arise. In the opinion of the Secretary of State the real point of difficulty is not the non-inclusion of such an Article but the fact that such an Article, having once been included, should now be proposed to be omitted. This difficulty is accentuated by the disappearance (which has already happened) from the internal Constitution of the Irish Free State of all constitutional forms in relation to the King. On the other hand, the Secretary of State appreciates the importance of the reference in your letter to other constitutional documents such as the Report of the Imperial Conference of 1926.

I send you these observations from the Secretary of State not with the object of reopening any discussion on the subject but merely in order to clarify the position of the United Kingdom Government on these points.

May I also take this opportunity of referring to the copy of the views of His Majesty's Government in the Commonwealth of Australia which I sent to Mr. Lapointe with my letter of the 12th March.<sup>1</sup> In order that your

<sup>1</sup> Non reproduite/not printed.

records on the whole subject should be complete, I enclose a paraphrase<sup>1</sup> of a message which was sent to Canberra by the United Kingdom Government commenting on some of the points in the expression of views by the Government of the Commonwealth of Australia.

Yours very sincerely,

F. L. C. FLOUD

353.

*Le Premier ministre au haut commissaire de Grande-Bretagne*  
*Prime Minister to British High Commissioner*

Ottawa, April 19, 1937

SECRET

Dear Sir Francis,

With reference to your letter dated the 1st April, 1937, concerning the constitutional legislation of the Irish Free State, I appreciate your action in bringing these points to my attention and in furnishing the paraphrase of the message which had been sent to Canberra by the United Kingdom Government, commenting on some of the points in the expression of views by the Government of the Commonwealth of Australia.

I understand the position of your Government with regard to the treatment of the proposals of the Irish Free State as not effecting a fundamental alteration in the position of the Irish Free State as a member of the Commonwealth. The precise significance of the phrase used by your Government had not been fully appreciated. I understand that the present position is that the Canadian Government is of the opinion that a fundamental alteration has not been effected in the position of the Irish Free State. The Government of the United Kingdom, while not committing itself finally on this point, is prepared to treat the proposals as not effecting such a fundamental alteration. I am sure that you will agree that the distinction between the views of the two Governments is not so serious as to require a reconsideration of the position by either Government.

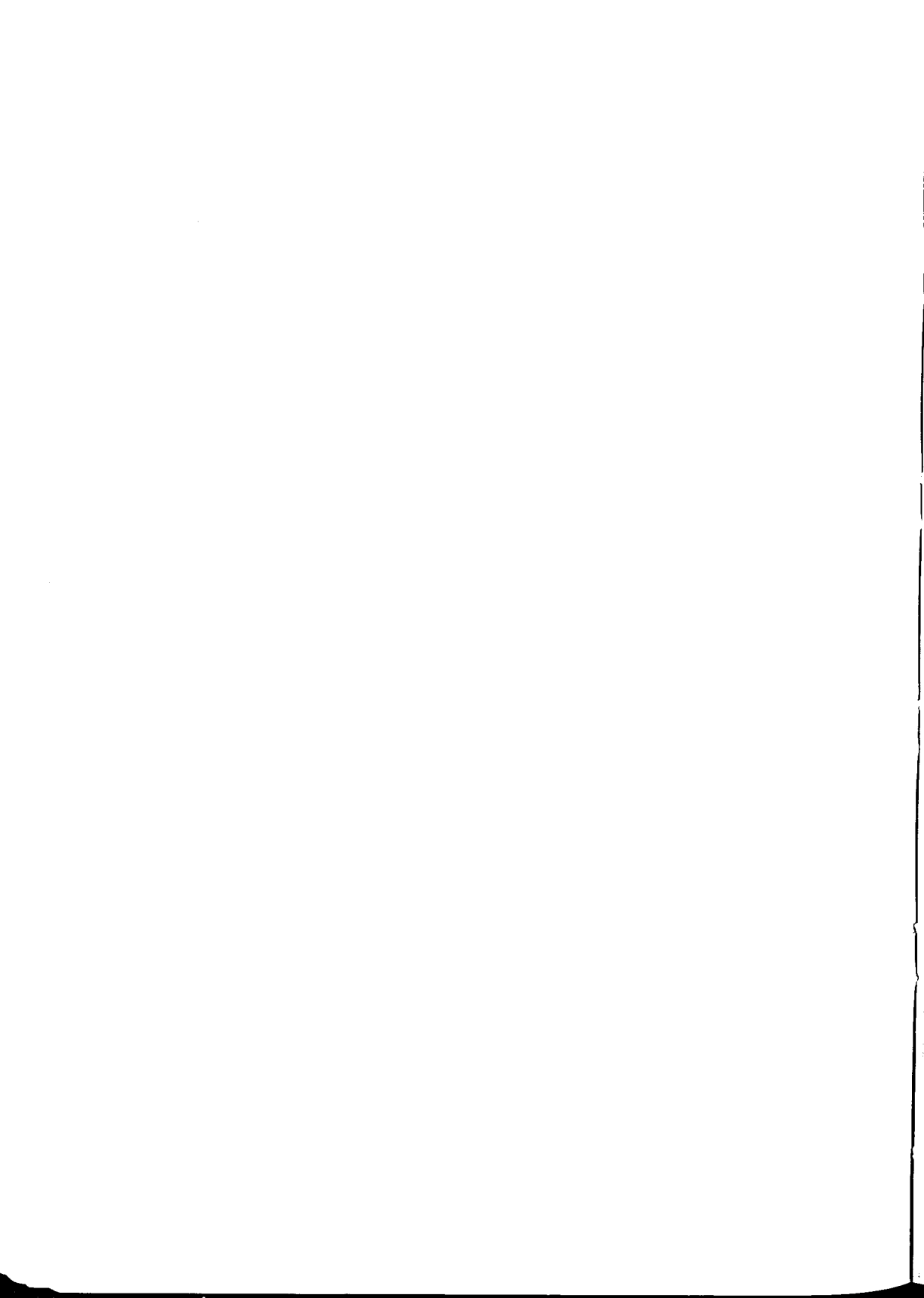
With regard to the question of the retention of Article 1 of the existing Irish Free State constitution, you will, of course, understand that in my letter of the 27th February, in the 6th paragraph, I was not attempting to make any definite observations with regard to the form and content of the Irish Free State legislation. I was merely bringing to your attention some considerations which might throw some light upon the matter. Any difference of opinion which may exist seems to result from the degree of importance which may be attributed to the other constitutional documents, such as the Report of the Imperial Conference of 1926.

<sup>1</sup> Non reproduite/not printed.

It is a matter of very great gratification to me that the points of difference which have emerged in this matter are of no great importance, and that we are all in agreement on the fundamental question that the proposals of the Irish Free State should not be treated as effecting a fundamental alteration in the position of the Free State as a member of the Commonwealth.

Yours sincerely,

W. L. MACKENZIE KING



### CHAPITRE III/CHAPTER III

#### RELATIONS AVEC LES ÉTATS-UNIS<sup>1</sup>

#### RELATIONS WITH THE UNITED STATES<sup>1</sup>

- |                              |                                 |
|------------------------------|---------------------------------|
| 1. Eaux limitrophes          | 1. Boundary Waters              |
| 2. Pêcheries                 | 2. Fisheries                    |
| 3. Aviation civile           | 3. Civil Aviation               |
| 4. Commerce                  | 4. Trade                        |
| 5. Visite du Président, 1938 | 5. Visit of the President, 1938 |
| 6. Sujets divers             | 6. Miscellaneous                |

#### PARTIE 1/PART 1

#### EAUX LIMITROPHES

#### BOUNDARY WATERS

354.

*Le sous-secrétaire d'État aux Affaires extérieures  
au chargé d'affaires aux États-Unis*

*Under-Secretary of State for External Affairs  
to Chargé d'Affaires in United States*

Ottawa, March 12, 1936

Dear Mr. Wrong,

The United States Legation have brought to the attention of the Canadian Government the possibility of negotiating a new treaty to deal with both St. Lawrence and Niagara matters. I enclose a copy of a memorandum which Mr. Armour left with the Prime Minister on February 26th. No reference was made at that time, so far as I am aware, to the desirability of an answer being made before the meeting of the Seaway Conference in Detroit on March 11th. When this latter question was raised two or three days ago, Mr. King at once stated it would be impossible to indicate the definite view of the Canadian Government on the proposal without having an earlier opportunity to consider the specific changes that might be desired. I understand that the President's proposed statement was somewhat modified accordingly.

You will note in the final paragraph of the memorandum the suggestion that the President should withdraw at once from the Senate the St. Lawrence Waterway Treaty of 1932 and the Niagara Falls Convention of 1929, to be

<sup>1</sup> Voir aussi le doc. 97 et pp. 155-161/see also doc. 97 and pp. 155-161.

followed by negotiations looking to a new treaty. Mr. King indicated that this would not be satisfactory, and I believe the United States authorities now recognize that it would be necessary to have some preliminary exchanges of views as to the precise nature of the consolidation and revision of the treaties before such action could fitly be taken.

So far as the consolidation of the two treaties is concerned, there is a good deal to be said for it, and no doubt we could agree to minor revisions regarding the St. Lawrence and to some revision of the power proposals of the Niagara Convention to obviate the tying up of the Convention with a private power company. Last year the United States proposed that the power provisions of the Niagara Convention be dropped altogether, but we are very averse to any such course. Aside from these matters, any revision of substance, in either treaty, is likely to be to our disadvantage—that is, if I am correct in maintaining that both treaties as they stand are definitely to our advantage.

It is hoped to have a preliminary departmental discussion on the situation at an early date.

Yours sincerely,

O. D. SKELTON

[PIÈCE JOINTE/ENCLOSURE]

*Memorandum*<sup>1</sup>

*Mémorandum*<sup>1</sup>

Ottawa, February 26, 1936

The President has given a great deal of thought to the St. Lawrence Waterway project and the most practicable means of bringing about the ratification of the Treaty between the United States and Canada looking to the inauguration of actual construction on this development. He sent a strong message to the Senate at the first regular session after he assumed office urging immediate approval of the Treaty and made a personal appeal to a number of the Senators in an effort to bring about approval of the Treaty by the Senate.

Notwithstanding these efforts, the Treaty did not obtain the necessary two-thirds majority of the Senate, and thus failed of approval. The present concern of the American Government is to endeavour to devise a means whereby a treaty looking to this development can be brought into effect.

During the Senate Hearings of 1931, dealing with the Convention and Protocol for the preservation and improvement of Niagara Falls, which was signed at Ottawa on January 2, 1929, and which has been approved by both Houses of the Canadian Parliament, it became manifest that the members of the Foreign Relations Committee were in hearty accord with the proposal for the construction of the compensating works to preserve the beauty of the

<sup>1</sup> De la Légation des États-Unis/by United States Legation.

falls. The Committee apparently felt, however, that the Convention conferred unusual and unwarranted advantages upon a private American power company which under the Convention would receive the benefits of the additional diversion of the American side in return for defraying the American share of the cost of the proposed compensating works. On that account it was felt that there appeared to be no likelihood that the Convention of January 2, 1929, would be approved by the Senate.

The President feels that there would be obvious advantages to both the United States and the Canadian Government in negotiating a new treaty to deal with the Great Lakes-St. Lawrence basin as a whole and the beauty problems at Niagara Falls, and would appreciate having, at the earliest possible moment, the views of the Prime Minister on this whole question.

If the Prime Minister is agreeable to the suggested procedure it is the President's intention to withdraw at once from the Senate the St. Lawrence Waterway Treaty of 1932 and the Niagara Falls Convention of 1929. The American Government would be prepared to institute negotiations looking to a new treaty at once.

[NORMAN ARMOUR]

355.

*Le ministre aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Minister in United States to Under-Secretary of State  
for External Affairs*

Washington, November 14, 1936

My Dear Dr. Skelton,

There are some indications that an attempt is likely to be made by the United States in the near future to push forward the negotiations for a new treaty combining the St. Lawrence Treaty and the Niagara Convention. Both Mr. Roosevelt and Mr. Hull have written letters for publication to the National Seaway Council within the last two months, in which the hope was expressed that the negotiations would be brought to an official conclusion within a year. There is talk that the changes in the Senate since the treaty was defeated have eliminated enough opponents of the project to give either the present treaty or a new treaty a very good chance of ratification. I am not at all certain, however, that this is the case, as many of the new members have not committed themselves on the question.

Yesterday, Mr. Walsh and Mr. Olds of the New York State Power Authority spent a long time with the President, and it is reasonable to conclude that the subject of the conference was the St. Lawrence project. The President is leaving in a day or two for an absence of over a month, and he has been busy discussing a number of matters on which he desired action to be taken during his absence. It looks as though Mr. Norman Armour might be instructed very shortly to press for action by the Canadian

Government. If we rule out the conclusion of a new treaty, he may be told to enquire whether the treaty of 1932 would be submitted to Parliament if it is approved by the Senate at the next session.

Yours sincerely,

HERBERT M. MARLER

356.

*Le ministre aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Minister in United States to Under-Secretary of State  
for External Affairs*

Washington, November 21, 1936

My Dear Dr. Skelton,

We understand from the State Department that arrangements have just been made by Mr. Armour for a discussion of the St. Lawrence project in Ottawa on December 3rd. In my letter to you of November 14th, I mentioned that this move on the part of the United States seemed to be imminent.

I do not know whether Mr. Armour has given you the names of those who are likely to go to Ottawa to take part in this discussion. These are, Mr. Hickerson, representing the State Department, Mr. Basil Manly, Vice-Chairman of the Federal Power Commission, Mr. Frank P. Walsh and Mr. Olds of the New York State Power Authority, and perhaps a representative of the Army Engineers.

It would appear from a conversation between Mr. Hickerson and Mr. Wrong yesterday that the chief purpose of the United States in proposing this discussion is to attempt to persuade the Canadian Government to sign a new treaty, combining the Niagara Convention with the St. Lawrence Treaty and making certain changes and additions intended to facilitate acceptance by the Senate. It is likely that these proposals will be more specific than those outlined to the Prime Minister by Mr. Armour last February, but they may not go so far as to be expressed in the form of a draft treaty.

I think that it is realized at the State Department that it is unlikely that the Canadian Government will be prepared to sign a new treaty in the near future. On several occasions during recent months, Mr. Wrong has been asked for a personal expression of his views on the prospects of a new treaty being accepted by the Canadian Government. He has answered that the opposition to the project of the government of Ontario seemed to him to make it very difficult for the Dominion Government to enter into new negotiations, and that, unless the Provincial Government changed its attitude, he did not believe that progress could be made at the present



time; the failure to secure the approval of the Senate to the Treaty of 1932 soon after its signature, meant that the United States had missed its opportunity for the time being, since, after the Liberal victory in Ontario, the governments of both Provinces directly concerned in the project were hostile to its construction.

While the representatives of the United States will make a sincere and vigorous effort to push on the negotiations at the conference in December, I think it safe to assume that they realize that there is very little chance of their securing a definite commitment from the Canadian Government on the question of the conclusion of a new treaty.

Yours sincerely,  
HERBERT M. MARLER

357.

*Le secrétaire, la division canadienne, la Commission mixte internationale  
au ministère des Affaires extérieures*

*Secretary, Canadian Section, International Joint Commission  
to Department of External Affairs*

Ottawa, December 1, 1936

Dear Mr. Read,

I enclose a letter from the Supervisor of Crown Timber Operations, Department of Lands and Forests of Ontario, in regard to a proposed dam in the Kenogami River, and the diversion of water from Hudson Bay drainage through Long Lake into Lake Superior. It appears from this letter that the Government of Ontario is desirous of retaining the thousand second cubic feet so diverted for the exclusive use of Ontario.

I also enclose the reply<sup>1</sup> that it is proposed to send to Mr. Campbell, and shall be glad to know if in your opinion, the reply adequately meets the situation.

Yours sincerely,  
LAWRENCE J. BURPEE

[PIÈCE JOINTE/ENCLOSURE]

Toronto, November 12, 1936

Dear Sir,

At the present time this Department is contemplating the erection of a dam in the Kenogami River in Bain Township just north of Burrows Creek, and diverting the waters from Burrows Creek and Kenogamis River southerly into Long Lake.

<sup>1</sup> Non reproduite/not printed.

In addition to the above, it may be possible that a ditch will be dug from the south end of Long Lake to divert a portion or all of this water into the Aquawaban River and thence into Lake Superior. As this water is now wholly Canadian, the question arises as to what it will be necessary for this Department to do so that the identity of this water will not be lost when it is diverted into international waters. For your information, may I say that the maximum constant flow that it is possible to divert is in the neighbourhood of one thousand second cubic feet.

Would you be kind enough to send me any information you have on regulations governing a condition of this kind, particularly dealing with the arrangements it will be necessary for this Department to make before the work is started, if and when it is approved by the Provincial authorities.

Yours very truly,

R. A. CAMPBELL

358.

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire, la division canadienne, la Commission mixte internationale  
Under-Secretary of State for External Affairs  
to Secretary, Canadian Section, International Joint Commission*

Ottawa, December 23, 1936

Dear Mr. Burpee,

Your letter dated the 1st December, 1936, addressed to Mr. Read, and relating to Mr. Campbell's inquiry as to the Kenogami (or Long Lake) diversion, raises some very important issues and, accordingly, it is being dealt with in a somewhat more formal manner than was at first anticipated.

In the first place, the proposed reply to Mr. Campbell meets with the entire approval of this Department. I agree that there is no manner in which this diversion could be legally authorized without a reference to the International Joint Commission, or independent treaty action by the Government.

There is one point in Mr. Campbell's communication to which you have not referred in the draft reply. He desires to know what action will be necessary to preserve the identity of the water which is diverted into the Great Lakes system. If you so desire, you are at liberty to inform Mr. Campbell that you have discussed this aspect of the question with this Department and that it has been pointed out by this Department that the only way in which the ownership and use of the diverted water could be retained, would be by the conclusion of a treaty or convention between Canada and the United States. You might also point out that the matter is covered by Article VIII, para. (d) of the St. Lawrence Deep Waterway Treaty now under consideration. The emergence of the present problem

will doubtless suggest the need for the conclusion of some general treaty which will insure the retention by Canadian interests of any diversions which may subsequently be authorized and made.

Yours sincerely,

O. D. SKELTON

359.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

No. 32

[Washington] February 18, 1937

Sir,

I have the honour to bring to your attention a situation which has developed on the Souris River in southwestern Manitoba. The Souris River is an international stream which rises in southeastern Saskatchewan and crosses the international boundary into North Dakota at a point about twenty-eight miles west of the Manitoba-Saskatchewan boundary. Under the name of the Mouse River it flows southwesterly for about eighty miles in North Dakota and then takes a broad horseshoe turn and flows northwesterly and then northerly to recross the international boundary and enter Manitoba at a point about eighteen miles east of the Manitoba-Saskatchewan boundary. In Manitoba the general course of the Souris River is northeasterly for about one hundred miles to the point near Wawanesa where it discharges the run-off of approximately 23,500 square miles into the Assiniboine River.

The Canadian authorities have been informed that during the years 1935 and 1936 eight dams were built across the Souris (Mouse) River in the State of North Dakota under the supervision of the Biological Branch of the United States Department of Agriculture. This programme of dam construction was apparently part of a general rehabilitation programme placed under way with a view to remedying drought conditions in the States bordering on the international boundary. They have no information as to the method of regulation proposed at these dams. The attached sketch plan depicting the river system shows the location of the dams in question.

Under normal conditions the flow of the Souris River is reasonably sufficient to meet the local demands made upon it throughout its length. In recent years, however, there have been periods of deficiency and these conditions have been intensified during the drought period. In addition, during the early summer of 1936 the filling of the reservoirs above these North Dakota dams reduced, and at times completely cut off, the flow into Manitoba. This has caused considerable concern in that Province. It is evident that the future effect of these dams upon the flow in Manitoba will be dependent upon the character of the regulation imposed at the dams.

If it is the intention to maintain these reservoirs at the highest possible level throughout low water seasons, this use, in conjunction with the increased losses which are to be anticipated due to seepage and to evaporation, may at times again completely shut off the flow into Manitoba. On the other hand, if it is the intention to use some of the stored water to maintain a steady flow during low water periods, the operation of these reservoirs would be beneficial to all downstream interests, including those in Manitoba.

I am desired to request that you may be good enough to cause an investigation of this matter to be made by the appropriate authorities of the Government of the United States with the object of ascertaining what system is proposed for regulation of the flow past the different dams and what facilities are available at these dams for such regulation. I should be glad to be informed in due course of the results of any investigation which may be made pursuant to this request.

I have etc.

HERBERT M. MARLER

360.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 86

Ottawa, February 27, 1937

SECRET

Sir,

I have the honour to refer to our despatch No. 13 of the 14th January, 1937,<sup>1</sup> regarding discussions on the St. Lawrence Waterway Treaty and the Niagara Convention, and to state that further developments have now occurred which seem to indicate an increasing readiness on the part both of the Government of the United States and the Government of Ontario to facilitate agreement on both the St. Lawrence and the Niagara undertakings.

2. On February 22nd Mr. Armour returned from a visit to Washington where he had been discussing the situation with the State Department and representatives of the Federal Power Commission and the New York State Power Authority. He informed us that the State Department had endeavoured to prepare a draft of a new Agreement, covering the essentials of the two existing treaties, with a number of revisions.

3. As regards the St. Lawrence Treaty, the chief variation is that instead of definitely approving and including in the Treaty acceptance of the plans prepared by the Joint Board of Engineers for a two-stage development, a

<sup>1</sup> Non reproduite/not printed.

Commission would be established to prepare plans, subject to approval by the two Governments, and to serve as a supervising and advisory body; that the construction within the territory of each country would be carried on by the Government of that country; that the United States would provide, and presumably make available to the Canadian Government, funds for the construction of all works in the International Rapids Section except the special power and rehabilitation work on the Canadian side. This latter change, it is understood, is proposed in order to avoid the objections that would be made in the United States to Article 3 of the present St. Lawrence Treaty, whereby the construction would be carried on directly by the Commission, with an expressed provision that the work within Canadian territory should be executed by Canadian engineers and with Canadian labour and materials.

4. As regards the Niagara Convention, the chief changes are that the cost of the works would, in the first instance at least, be borne by the United States and Canadian Governments rather than by the Niagara Falls Power Company and the Hydro-Electric Power Commission of Ontario respectively, and that instead of a temporary diversion not to exceed 10,000 s.c.f., a permanent additional diversion of 5,000 s.c.f. might be authorized on each side of the line. The Commission to be set up would report as to further safeguarding of the scenic beauty of the Falls and Rapids, and possible further withdrawal of water for power purposes at Niagara.

5. On the part of the Province of Ontario, there has also been a definite advance. Following further discussions and a realization that the developments at Ogoki and the further utilization of Niagara could not be effected without taking into account the fact that the United States was much more interested in the St. Lawrence than in the Niagara development, the Ontario Government recently intimated that it wished to discuss the whole situation. Mr. Stewart Lyon and the Hon. T. B. McQuesten of the Hydro-Electric Power Commission of Ontario, called on the Prime Minister yesterday and later discussed details with members of the Government Service. The Ontario Government wishes to divert water from the Ogoki and Long Lac systems into Lake Superior for use for northern power development and pulp wood transport respectively, and with the object of obtaining the right to divert at Niagara and later in the International Section of the St. Lawrence the 5,000 s.c.f. added to the Great Lakes System by these diversions. In order to attain these ends, they would be prepared to consider an agreement for taking over the power to be developed on the St. Lawrence. The difficulty as regards the St. Lawrence would be largely financial, and would turn on the question of the amount to be paid for the power, and the delay that could be accorded by the Canadian Government for the construction of the specifically power works on the Canadian side and the consequent beginning of payments to the Canadian Government.

6. As no opportunity had arisen for examining in any detail the draft of the revised treaty submitted by the United States, no intimation was given

to the Ontario representatives of this step having been taken. The Ontario representatives informed us that they had had some discussion on the subject recently with the New York State Power Authority.

7. An examination is being made immediately of both angles of the new situation. In the meantime I should be obliged for any observations which you may find it possible to make on the proposals.

8. The examination will require a good deal of time and consideration. Even if agreement could be reached both with Ontario and the United States, it is highly improbable that it would be possible to bring the agreements before the Canadian Parliament at the current session. The discussion on the Budget and the United Kingdom Trade Agreement, introduced on the 25th, will probably continue for some weeks, and every effort is being made to adjourn Parliament about the third week in April to permit attendance at the Coronation and the Imperial Conference. The recent developments have not yet come before the Cabinet, but will receive consideration shortly.

9. I enclose two copies of the draft revision of the St. Lawrence and Niagara Conventions furnished us by Mr. Armour.

I have etc.

O. D. SKELTON for the . . .

361.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 277

Washington, March 22, 1937

Sir,

I have read with interest your Secret Despatch No. 86 of February 27th, 1937, and the enclosed draft of a new treaty combining with some major changes the St. Lawrence Waterway Treaty of 1932 and the Niagara Convention of 1929. The Department of State has from time to time informed the Legation of developments in this connection. I understand from them that the draft treaty has been prepared by officers of the State and War Departments as a basis for discussion and that it should not be regarded as having been officially endorsed by the Government of the United States.

2. You ask me to submit any observations which I may care to make on these proposals, but I feel that there is little of value which I can say at this stage of the discussions. As regards the St. Lawrence Waterway, the changes suggested in the character and powers of the International Commission seem to have a good deal to recommend them, although I offer

no opinion on the wisdom of leaving open the possible substitution of a single-stage project for the two-stage development required by the Treaty of 1932. The proposal that the governments should be directly responsible for the construction of the works within their territories, in place of delegating this responsibility to the Commission, makes it unnecessary to include a number of the contingencies provided for in Schedule A of the Treaty of 1932. This permits both a simpler agreement and greater flexibility in its execution. The same observation is applicable to Article IX dealing with Niagara Falls in comparison with the Niagara Convention of 1929. I assume that the expenses of construction of the remedial works in the Niagara River, the Canadian share of which would under this Article be borne by the Dominion instead of by the Hydro-Electric Power Commission of Ontario, could be provided for in the agreement with the Province of Ontario which is a necessary preliminary to the signature of a treaty.

3. It is, of course, not now expected at the Department of State that a new treaty could be signed in time for submission to Parliament during the present session. There is a prospect, however, that the session of Congress may be very protracted, possibly lasting through the summer months or being resumed in the autumn after a summer adjournment. On the assumption that the understanding with respect to the 1932 treaty still holds—that the approval of the Senate must be given before the submission of the treaty to Parliament—the State Department would welcome the signature of a treaty as soon as possible, in order to permit its presentation to the Senate in the hope that it might be approved in time for presentation to Parliament at the opening of the next session.

4. It is by no means certain that sufficient votes can be mustered in the Senate to approve a treaty on the lines of this draft. Since the Treaty of 1932 was defeated early in 1934 there has been a considerable change in the personnel of the Senate and many new Senators have not committed themselves on the project. The differences between the 1932 Treaty and the new draft are not of sufficient moment to bring about the conversion of any of the domestic interests which bitterly fought the previous treaty. The President, however, commands a far larger majority from his own party than he did in 1934; and he would exercise stronger pressure to secure the approval of an agreement reached under his auspices and direction than he was ready to do in 1934. I believe that supporters of the project maintain that they can now count on 60 votes in the Senate and that they will be able to secure the few additional votes needed for a two-thirds majority from the group of Senators who are not committed. Such claims are almost always exaggerated, and no very accurate estimate can be made in advance of the presentation of the issue to the Senate.

I have etc.

HERBERT M. MARLER

362.

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

[Washington] May 12, 1937

Sir,

I have the honor to refer to your note No. 32 of February 18, 1937, with enclosure, relating to eight dams said to have been constructed across the Souris (Mouse) River, in the State of North Dakota, by the Bureau of Biological Survey of the Department of Agriculture. Reference is also made to the note of the Department of State of March 10<sup>1</sup> on the subject.

A letter has now been received from the Department of Agriculture, to which Department copies of your note and its enclosure were sent, the pertinent portion of which reads as follows:

Our chief hydraulic engineer has outlined the following plan of operation which we are using in the maintenance of our two major migratory waterfowl refuges along the course of this stream within the boundaries of the United States.

In instituting the Upper Souris Migratory Waterfowl Refuge (30,734 acres) and the Lower Souris Migratory Waterfowl Refuge (49,550 acres), the Department has built eight dams across the Souris River, the actual work being performed by the Bureau of Biological Survey. The upstream dam holds 112,000 acre-feet of storage; the other seven are merely check dams whose main purpose is to flood marshlands.

In the design of all these structures, sufficient regulating and control gates were included to handle the highest probable flood that careful hydrographic studies have indicated would ever occur on this stream below the United States-Canada border. Also, all of the structures are furnished with outlet gates at the level of the bottom of the river channel so that the lowest water flow can be passed through the reservoirs if necessary. In other words, the dams were designed and built so that any amount of water between the highest and lowest stages of the river could be passed through as quickly as under normal conditions existing before the structures were built.

It was recognized that there were legitimate claims in the Province of Manitoba to water; and during the season of 1936, we so operated our structures that as much water passed into the Province of Manitoba as was leaving Canada from Saskatchewan. Several contacts were made during the summer with Canadian engineers, and requests for water from Canadian residents were investigated and some storage water was released for their use even after there was no more flow coming from Saskatchewan.

It is not believed that the mechanics of allowing the water to pass through our impoundment works jeopardize Canadian interests. Difficulties as to quantity and time of need, as they affect both the United States and Canada, we feel can be reconciled by proper negotiations between the two governments, at which time the use of water by Canada in Saskatchewan in relation to our needs in the United States should be considered, as well as the point now under discussion; that is, the return flow from the United States into Canada.

The Department of Agriculture has been authorized under the provisions of the Flood Control Act approved June 22, 1936 to make a preliminary examination and survey of the watershed of the Mouse River to determine any necessary

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<sup>1</sup> Non reproduite/not printed.



measures for run-off and water-flow retardation and soil erosion prevention. A public hearing was held on this project at Minot, North Dakota on February 17, 1937 to consider the interests of the Corps of Engineers of the War Department and the Department of Agriculture. At that time, representatives of Canada spoke of the interest of Saskatchewan and Manitoba in the use of the waters of the Mouse River.

In the circumstances, it is suggested that further discussion of the subject be postponed until the examination of the watershed on Mouse River is completed and the conclusions reached as a result thereof can be made available. It is believed that at that time an understanding can be reached which will provide for an appropriate distribution of the waters of the Mouse River.

Accept etc.

R. WALTON MOORE for the . . .

363.

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

[Washington] June 18, 1937

Sir,

I have the honor to refer to note No. 70 dated April 1, 1927, of Mr. Laurent Beaudry, Chargé d'Affaires ad interim of Canada, concerning the requirements of Articles VIII and IX of the convention between the United States and His Britannic Majesty in respect to the Dominion of Canada signed February 24, 1925, providing for the regulation of the level of and the outflow from the Lake of the Woods. Mr. Beaudry transmitted a check of the Canadian Government in the sum of \$275,000.00 in compliance with the provisions of Article X of this Convention.

I have now received a communication from the Secretary of War concerning completion of the acquisition of flowage easements and the erection of all protective works contemplated by the Convention. The communication reads in part as follows:

The pertinent articles of the Treaty are:

Article VIII—

A flowage easement shall be permitted up to elevation 1064 sea level datum upon all lands bordering on Lake of the Woods in the United States, and the United States assumes all liability to the owners of such lands for the costs of such easement.

The Government of the United States shall provide for the following protective works and measures in the United States along the shores of Lake of the Woods and the banks of Rainy River, in so far as such protective works and measures may be necessary for the purposes of the regulation of the level of the lake under the present Convention: namely, the removal or protection of buildings injuriously affected by erosion, and the protection of the banks of the mouth of Warroad River where subject to erosion, in so far in both cases as the erosion results from fluctuations in the level of the lake; the alteration of the railway embankment east of the town of Warroad, Minnesota, in so far as it may be necessary to prevent surface flooding of the higher lands in and around the town of Warroad; the making of

provision for the increased cost, if any, of operating the existing sewage system of the town of Warroad, and the protection of the waterfront at the town of Baudette, Minnesota.

Article X—

In consideration, however, of the undertakings of the United States as set forth in Article VIII, the Government of Canada shall pay to the Government of the United States the sum of two hundred and seventy-five thousand dollars (\$275,000) in currency of the United States. Should this sum prove insufficient to cover the cost of such undertakings one-half of the excess of such cost over the said sum shall, if the expenditure be incurred within five years of the coming into force of the present Convention, be paid by the Government of Canada.

I now have the honor to report the acquisition of all flowage easements and the erection of all protective works contemplated by the Treaty at a total expenditure of \$874,688.71, divided as follows:

Amount paid for flowage easements	\$367,789.53*
Village of Warroad Sewer System	4,854.00
Bank protection at mouth of Warroad River:	
Concrete wall	114,519.02
Backfill	31,746.47
Bank protection at Blackbird Island (Riprap)	3,792.15
Bank protection at American Point (Riprap)	2,210.95
Surveys, mapping, engineering studies and investigations	72,635.59
Administration	138,914.17
Legal expense	138,226.83
	<hr/>
	\$874,688.71

\*This figure does not include the sum of \$11,740.25 to be paid the Chippewa Indians for the acquisition of flowage easements over ceded Indian lands bordering Lake of the Woods. The payment is awaiting authorization by Congress.

The above expenditures were incurred within five years of the coming into force of the present convention, and the Dominion of Canada has recognized this notwithstanding that certain proceedings to acquire flowage easements were not completed, and the amounts to be paid for such flowage easements were not finally determined and paid, within this five year period.

Pursuant to Article X of the Treaty the Dominion of Canada paid to the Government of the United States the sum of \$275,000 which was deposited into the United States Treasury. It is respectfully requested that the completion and accomplishment of all works and obligations under the Treaty by the United States be reported to the Canadian Government so that final settlement may be effected as provided under Article X.

A copy of a final report dated March 31, 1937,<sup>1</sup> received from the Secretary of War concerning this matter is transmitted herewith for your information. I shall appreciate it if you will advise me of the arrangements your Government desires to make with respect to the final settlement of this matter in accordance with Article X of the Convention of February 24, 1925.

Accept etc.

SUMNER WELLES for the . . .

<sup>1</sup> Non reproduit/not printed.

364.

*Le secrétaire d'État au sous-secrétaire d'État  
aux Affaires extérieures*

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

Ottawa, July 26, 1937

Dear Dr. Skelton,

I beg to annex a letter from Honourable H. C. Nixon, Provincial Secretary of Ontario, concerning the Long Lac Diversion, a matter which pertains to your Department.

I have notified Honourable Mr. Nixon that I was transmitting a copy of his letter to you.

Yours very truly,

FERNAND RINFRET

[PIÈCE JOINTE / ENCLOSURE]

*Le secrétaire provincial d'Ontario au secrétaire d'État  
Ontario Provincial Secretary to Secretary of State*

Toronto, July 21, 1937

Dear Mr. Rinfret,

RE: LONG LAC DIVERSION

In January 1924, a reconnaissance survey was made by engineers of the Hydro-Electric Power Commission to determine the feasibility of diverting the flow of the Kenogami River, a tributary of the Albany River, to Lake Superior. The information secured indicated that the proposition was feasible. At the same time, an investigation was made of a proposal to divert a part of the flow of the Ogoki River, another tributary of the Albany, to Lake Nipigon, and thence to Lake Superior. Insofar as the diversion of the waters of the Ogoki into the Nipigon drainage basin is concerned, the question of its diversion, control and use is purely a domestic one. When, however, the diverted water reaches the Great Lakes, the question at once becomes of international import, and the same is true of any water that may be diverted from Long Lac at the head-waters of the Kenogami River into Lake Superior.

In February 1925, the Honourable G. H. Ferguson wrote to the Honourable Charles Stewart, Minister of the Interior at Ottawa, advising him that the diversion of water from the Albany River into Lake Superior was under consideration and that he wished to point out that, as the water to be diverted was unquestionably Ontario water which would be added to the Great Lakes system, it should be looked upon as belonging to the Province all down the boundary. He asked, therefore, that assurance would be given in any question

which might arise that the Dominion Government would consider the water the exclusive property of the Province, aside from any claim it might have in the diversion of other waters.

In replying to this letter, Mr. Stewart stated in a letter dated May 4, 1925, that he and his colleagues of the Cabinet Council were of the opinion that if the Government were prepared to give the necessary authorization to divert water from the Albany, and forego the navigation and power advantages on the Albany inherent in the water so diverted, it would undoubtedly be justified in claiming that the water, when added to the Great Lakes system, should still be considered Canadian water. He stated that he was prepared to assure Mr. Ferguson that the Government would maintain this viewpoint in any questions which came before it having to do with the consideration of the Great Lakes and the St. Lawrence waterway, particularly with respect to the apportionment of water as between Canada and the United States.

Later, when the St. Lawrence Deep Waterway Treaty, signed at Washington, July 18, 1932, but not ratified, was drafted, provision was made for the retention of the benefit to Canada for any water so diverted into the Great Lakes system. Paragraph (d) of Article VIII in that treaty reads as follows:

The High Contracting Parties, recognizing their common interest in the preservation of the levels of the Great Lakes system, agree: that, in the event of diversions being made into the Great Lakes system from watershed lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of Article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the point of diversion, so long as it constitutes a part of boundary waters.

Within the past year, additional surveys have been made in the upper part of the watershed of the Kenogami River and southerly from Long Lac to Lake Superior, with a view to providing a channel for water transportation of a large quantity of pulpwood from the Long Lac area to Lake Superior. This, of course, would permit a part of the waters of the lake to be diverted into the head-waters of Aquasabon River, thence to Lake Superior, and necessitates a dam being built on the Kenogami River some miles below Long Lac and a channel to be excavated from the Southerly end of the Lake across the divide. Sufficient water would be diverted to transport the cut of pulpwood, and, in addition to that, if and when satisfactory arrangements are made, a greater part of the run-off of the watershed above the Kenogami River dam will be diverted southerly. The average amount of the diversion, it is estimated, would be 1,200 cubic feet per second.

As pointed out above, as soon as this water reaches Lake Superior it becomes of international import. I would, therefore, appreciate having from you assistance in connection with this matter in two regards; firstly, regarding permission to divert water into the Great Lakes system; and, secondly, regarding an agreement for the retention for Canada of the benefits of the diversion. Possibly, in view of the acceptance by both the United States and Canada of the principles of diversions into the Great Lakes and that water

so diverted shall remain the property of the country making the diversion, as evidenced by their signatures to the St. Lawrence Deep Waterway Treaty, it may not be necessary at this time to consummate a treaty on this particular item, but the exchange of notes between the proper authorities of the two countries might be sufficient until such time as this question of diversion could be included in a formal treaty.

I would, therefore, respectfully request that you transmit through the proper channels our request for permission to divert these waters into the Great Lakes system, and also take whatever steps are necessary to retain for Canada the benefits of the diverted waters.

Yours truly,

H. C. NIXON

365.

*Le secrétaire d'État aux Affaires extérieures  
au secrétaire provincial d'Ontario  
Secretary of State for External Affairs  
to Ontario Provincial Secretary*

Ottawa, September 7, 1937

CONFIDENTIAL

Dear Sir,

In your letter of July 21st to the Secretary of State of Canada, which Mr. Rinfret transmitted to me, you outlined a project to divert water—averaging 1200 c.f.s.—from the Kenogami River (a tributary of the Albany River), via Long Lake, into Lake Superior for the purpose of carrying pulpwood. In conclusion you asked that your request for permission to divert these waters into the Great Lakes system be transmitted through the proper channels and that the necessary steps be taken to retain for Canada the benefits of the diverted waters.

We have given the matter preliminary examination, and it may be of assistance if I indicate now certain considerations that have presented themselves, though, as will appear, they have for the most part been pointed out in previous communications.

A determining factor in the matter, as your letter points out, lies in its international significance and the necessity to cover it by some arrangement with the United States in view of their interests in the Great Lakes system. After reviewing certain correspondence of 1925 between the provincial and federal Governments and the resulting Article VIII of the as yet unratified St. Lawrence Deep Waterway Treaty of 1932, you raise the question whether a treaty to cover this particular Long Lake project would be necessary at this time. The suggestion is that possibly a simple exchange of notes might be sufficient until such time as the matters at stake could be included in a formal treaty.

The rules presently governing the division, as between the two countries, of the uses of boundary waters—that is to say, the 36,000 c.f.s.: 20,000 c.f.s. rule at Niagara and the rule of equal division elsewhere—are strict treaty rules, duly ratified and made law on both sides by or pursuant to the Boundary Waters Treaty of 1909. What we have been seeking for a long while and still wish to obtain—namely, a principle or rule that waters diverted from a national watershed into the international waterways should be regarded for certain uses as national waters exclusively,—would in effect amount to a modification or qualification of this existing treaty law. I fear, therefore, that we should be on very unsafe ground if we undertook to rely on any instrument differing in its constitutional sanction from the treaty which established the original rules; nor is there any likelihood that that the United States executive would be willing to deal on a different legal basis. In other words, this Long Lake case would properly require a formal agreement to be submitted both to the United States Senate and to parliamentary approval here. This was the conclusion reached by the Hydro Electric Power Commission and concurred in by us in the similar case of the Ogoki River diversion project, as shown in Mr. Lyon's letter to Dr. Skelton of November 16, 1935, and the latter's reply of February 20, 1936.<sup>1</sup>

This being the legal position, there remain questions as to the practical chances of obtaining a satisfactory treaty to establish separately the proposed new rule. In this connection, the above mentioned reply to Mr. Lyon reviewed the diplomatic background of the boundary waters situation as it then stood and indicated why such a separate treaty as is now in question appeared to have no prospect of success. The United States Administration would be unwilling to sidetrack the St. Lawrence Treaty for such an object. Even if negotiated, such a separate treaty would have less chance in the United States Senate than the incidental provisions to the same effect in the St. Lawrence Treaty, since practically it would be for Canada's benefit only so far as power is concerned. And while such a diversion into boundary waters would help both countries as to navigation, that aspect is difficult to separate from the St. Lawrence Treaty provisions regarding the Chicago diversion and the compensation works questions.

Since that time there has been some further development in the diplomatic background, of which I informed Mr. Hepburn in a letter of January 8th<sup>1</sup> of the present year. It was also explained at greater length to representatives of the Province and the Power Commission in two conferences held here afterwards on January 14th and February 24th. The discussions with United States representatives then mentioned indicated that the Administration at Washington are definitely interested in developing the St. Lawrence-Great Lakes system for transportation and power; that they are more interested in a St. Lawrence (including transportation) treaty than in a Niagara treaty; and that it would be impossible to reach agreement with them on Niagara without agreeing on the St. Lawrence as well. Similarly, I feel, the

<sup>1</sup> Non reproduites/not printed.

whole tenor of the discussions would indicate their unwillingness to deal piecemeal with a particular item like this proposed diversion and the modification of the legal rule governing the apportionment of waters.

I have tried here to review again some of the main considerations that appear to touch the project you have in mind. We are not only doubtful of the chances of reaching an agreement with the United States on this particular item alone; we appreciate that an attempt to put it forward separately at the present stage might endanger or weaken our position as regards the other outstanding boundary water questions with which it has significant practical inter-relationships and which are important to both the Dominion and the Province.

I should like to repeat what has been said in other communications, that we wish at all times to co-operate and to assist as far as possible the purposes of the Province or of the Hydro Electric Power Commission in these matters, and we should be glad at any time, if you think it would be desirable, to go into the question further with any representatives who may be named for the purpose.

As regards the domestic aspects of the project, so far as the Dominion is concerned, I may mention that the Government has been advised by the Law Officers that the works proposed to be constructed in connection with the diversion of the water, will need approval under the Navigable Waters Protection Act. This phase of the matter is one which concerns more particularly the Department of Public Works as having the administration of that part of the Act which regulates the construction of works which may affect the navigability of waters. I understand that the Hydro Electric Power Commission have transmitted to that Department for approval plans covering a part of the project.

Yours sincerely,

W. L. MACKENZIE KING

366.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

November 1, 1937

#### ST. LAWRENCE WATERWAYS TREATY

Mr. Armour, U.S. Minister, called to say that his Government was anxious to know if the Canadian Government was prepared to take up anew the subject of the St. Lawrence Waterways Treaty. He recalled that I had told the President that Mr. Hepburn had said to me, at the time of my visit to him before going on to Washington early in the year, that he might be having an election during the Summer or Fall, and would prefer that negotiations respecting the Treaty might be allowed to stand over until the results of the provincial elections were known. I pointed out to Mr. Armour that, during the campaign, Mr. Hepburn had declared himself as against the proposed

<sup>1</sup> Du Premier ministre/by Prime Minister.

Treaty, and that now that he was returned, it was difficult to say what his attitude might be. It would be useless for the Federal Government to attempt to proceed without the co-operation of the Government of Ontario.

Mr. Armour said that he thought Mr. Hepburn's remark had been occasioned by a statement by Earl Rowe that he favored the St. Lawrence Waterways Treaty, but that the actual statement which Mr. Hepburn had made, had contained limiting words which, he thought, would leave the way open to Mr. Hepburn to proceed now if he so desired.

Mr. Armour asked if I thought the reorganization of the Hydro Commission might mean that Mr. Hepburn was prepared to change his policy with respect to the St. Lawrence Waterways. He drew attention to the fact that Mr. Stewart Lyon had resigned, and that Dr. Thomas Hogg, who was a leading engineer, had been made Chairman of the Commission. Also that the Honourable William Houck who had been named as the second member of the Commission, was from the Niagara district and would be interested in power development at Niagara, also in the preservation of the scenic beauty of the Falls. He pointed out further that Mr. Hepburn might wish to proceed with the developments in Northern Ontario, and that insofar as these affected the levels of the Great Lakes, they would involve a consideration of the matters dealt with in the Treaty. He thought the United States were quite prepared to meet expenditures which would be necessary to give additional power to New York State; that the State was needing that power at the present time.

I told Mr. Armour I should like to talk the matter over with officers of the Department before indicating what course it might be best to adopt in further considering the matter, and that I would see him again after I had had this opportunity.

367.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

Ottawa, December 23, 1937

GREAT LAKES—ST. LAWRENCE TREATY AND  
RELATED INTERNATIONAL WATERWAY PROBLEMS

...

*Canada—United States*

The recent developments in the Canada-United States situation are as follows:

On December 5, 1936, a delegation from Washington visited Ottawa, authorized to discuss orally with the Prime Minister and responsible Do-

<sup>1</sup> J. T. Johnston, le contrôleur, le bureau fédéral de l'Eau et de l'Énergie, le ministère des Mines et des Ressources au Premier ministre.

J. T. Johnston, Controller, Dominion Water and Power Bureau, Department of Mines and Resources to Prime Minister.



minion officials, certain suggestions with respect to making progress upon the Niagara and St. Lawrence Treaty problem. The United States delegation included Mr. J. Hickerson of the State Department in Washington, Mr. Basil Manly, Vice-Chairman of the Federal Power Commission, Mr. Frank P. Walsh and Mr. Leland Olds, Chairman and Executive Secretary, respectively, of the New York State Power Authority.

The conference with the Prime Minister was followed by a conference between the visiting delegates and the Under-Secretary of State for External Affairs and technical officers of the Canadian Government at which the proposals were orally presented.

Briefly the representations of the visiting delegation were to the effect that the United States federal administration were definitely interested in the development of the opportunities of the St. Lawrence-Great Lakes system for transportation and power. They believed that the whole system should be considered as a unit, and plans made by the Governments concerned for the co-ordinated and orderly development of its transport and power possibilities. They recognized that it might not be possible to put in hand all the developments simultaneously but considered that a general plan should be kept in view of which the several parts could be put into effect as opportunity permitted. It was further quite clear that they were more interested in the St. Lawrence than in the Niagara Treaty. It was also quite clear that it would not be possible to make any agreement with the United States with regard to Niagara without making an agreement on the St. Lawrence as well. It was indicated that the President would prefer a new Treaty.

The situation was fully discussed. No commitments were made other than that the representations would be considered.

The conference was followed up by the transmittal to the Department of External Affairs, on or about February 24, 1937, by the United States Minister to Canada, of a draft of a suggested new over-all Great Lakes-St. Lawrence Agreement.

In the main it may be said that *the St. Lawrence section* of the new draft includes the substance of all the provisions contained in the old St. Lawrence Deep Waterway Treaty, except in respect to certain variations which are detailed at a later point in this brief.

*The Niagara section* of the new draft provides for the construction of the remedial works proposed in the old Convention and an immediate authorization of 5,000 c.f. per second additional diversion on each side of the International boundary, and for tests of the remedial works and reports and recommendations respecting additional diversions of water for power purposes consistent with the full preservation of the scenic values.

The general relationship of the provisions of this suggested new Treaty to the provisions of the two existing Treaties can be discussed to better advantage at a later stage in this brief. . . .

Following the transmittal of the new draft Treaty all subsequent exchange of views between the two Governments has been oral. The most recent incident was the call of Mr. Armour upon the Prime Minister on November 1st last—referred to at the commencement of this brief.

BASIC ADVANTAGES TO CANADA  
OF PRESENT TREATY SET-UP

Before commenting further upon either the Canada-United States position or the Canada-Ontario position it is necessary—in order that the general position may be properly appreciated—to summarize the basic advantages to Canada and to Ontario which are being provided for in the Treaty proposals. These will be reviewed under the heads of the present St. Lawrence Treaty and of the Niagara Convention with subsequent brief comment upon the scope and effect of the new Treaty proposals.

*The Present St. Lawrence Deep Waterway Treaty*

The present St. Lawrence Deep Waterway Treaty involves the following basic advantages to Canada:

1. Provides for a 27-foot deep waterway from Fort William and Port Arthur to tidewater.
2. Provides for a deep waterway that is as definitely Canadian as is the Great Lakes-St. Lawrence waterway as developed to date.
3. Gives to Canada the definite and unrestricted right to construct at any time a completely All-Canadian waterway.
4. Approved designs and physical characteristics of shores permit the construction of an All-Canadian waterway.
5. Canada retains complete proprietary rights and complete legislative, administrative and operating control over all works on Canadian side of the International boundary.
6. Provides for full protection to navigation in Harbour of Montreal and in St. Lawrence river channel below Montreal.
7. Provides that all rights of navigation accorded under existing treaties upon subjects or citizens and upon the ships, vessels and boats of each of the High Contracting Parties in the St. Lawrence river and in the Great Lakes system including the canals now existing or which may hereafter be constructed, shall be maintained.
8. Provides that all British shipping shall have such rights.
9. Provides for a double stage project on the International reach, thereby materially lessening flooding to Canadian farm lands and historic sites, and materially reducing the height of the embankments and dams—to the greater safeguarding of downstream interests.
10. Provides for the completion of the deep waterway project at an estimated capital charge to Canada of less than \$40,000,000.—not

including interest during construction. (This figure is dependent upon Ontario's acceptance of the principles embodied in the Canada-Ontario St. Lawrence Agreement of July 11, 1932) . . . .

11. Provides that the works constructed on the International section of the St. Lawrence river will be constructed by an International Commission upon which Canada and the United States will have equal representation.

12. Provides that the part of the works in the International section located on the Canadian side of the International boundary will be constructed by Canadian engineers, Canadian labour and with Canadian materials, out of funds provided for by the United States. This involves the expenditure of some \$55,000,000.

13. Provides that Canada will construct the works in the Quebec section with Canadian funds and wholly independent of United States co-operation or supervision.

14. Considered upon the basis of unemployment relief, the ratification of the St. Lawrence Deep Waterway Treaty—bringing into effect as it would a Canada-Ontario St. Lawrence Agreement—would initiate the following expenditures in Canada: (Partly dependent upon Ontario's acceptance of a Canada-Ontario St. Lawrence Agreement).

Cash Payment by Ontario .....	\$67,202,500.
Cash Expenditure by Ontario direct for Power Housing and Machinery Equipment .....	36,931,000.
Cash Expenditure by United States through International Commission for Canadian Engineers, Labour and Material .....	54,718,000.
<i>Net Cash Expenditure by Dominion</i> .....	38,071,500.
	<hr/>
Total .....	\$196,923,000.

...  
15. Establishes Canada's unquestionable right to half of the total flow available for power purposes in the International reach of the St. Lawrence river.

16. Provides complete agreement between Canada and the United States for the development of the 2,000,000 h.p. in the International reach of the St. Lawrence river.

17. Provides for the location of Canadian power houses at Crysler Island and at Barnhart Island in Canadian territory so that no adjustment of International boundary is necessary.

18. Secures for the Province of Ontario the solution of its power-supply problem for many years to come. (Makes available to Ontario 1,000,000 h.p. from the St. Lawrence river and 350,000 h.p. from the Ogoki river and from Long Lake).

19. Gives to Canada a credit of the \$128,000,000. expended to date on the new Welland Ship Canal, in apportioning as between Canada and the United States the over-all cost of the St. Lawrence Deep Waterway project . . . .

Also, by providing for the construction of the St. Lawrence Deep Waterway, enables the new Welland Ship Canal to develop its complete usefulness to Canada.

20. Provides for definite and specific International commitment by the United States to reduce the abstraction of water by Chicago to the quantity permitted by the decree of the Supreme Court of the United States of April 21, 1930, i.e. to 1500 c.f.s. plus the water for domestic purposes.

21. Provides that hereafter there shall be no abstraction from the Great Lakes system to another watershed except by authorization of the International Joint Commission.

22. Provides for a definite acknowledgement on the part of the United States to Canada's continued proprietary ownership all down the International reach of the Great Lakes and St. Lawrence river, of all waters diverted from other Canadian watersheds into the Great Lakes and St. Lawrence watersheds.

This includes the proposed diversion of 4,000 c.f.s. from the Ogoki river and 1,000 c.f.s. from Long Lake into Lake Superior (350,000 h.p.)—both diversions being actively considered by Ontario at the present time.

23. Provides for the construction in the Niagara and St. Clair rivers of compensation works for the conservation of levels of Lakes Erie, Huron and Michigan.

24. Provides that Canada will be supplied officially by the United States Government with systematic records of the waters abstracted through the Chicago Diversion canal.

#### *The Present Niagara Convention and Protocol*

The Present Niagara Convention and Protocol involves the following basic advantages to Canada:

(1) The Niagara Convention and Protocol provides for the complete preservation of the scenic values of Niagara Falls by the erection of remedial works in the Niagara river above Niagara Falls designed to distribute the waters of the river so as to ensure at all seasons unbroken crest lines both on the Canadian and American Falls and an enhancement of their present scenic beauty.

(2) It also provides, concurrently with the construction and tests of the remedial works and as a temporary experimental measure for a seven-year period, for the diversion (through existing water passages)

of 10,000 additional second feet for power purposes on the United States side of the line and 10,000 second feet on the Canadian side—this diversion to be for the winter months only.

(3) It provides for the cost of the remedial works being borne on the Canadian side by the Ontario Hydro-Electric Power Commission, and on the United States side by the Niagara Falls Power Company.

The objective of the experimental diversion is to pave the way—if the experimental studies as to the effect upon scenic values are successful—for negotiations looking to further reasonable permanent withdrawals of water for power purposes.

#### COMMENT ON PROPOSED NEW TREATY

In the following comments it is not intended to analyse in detail the provisions of the proposed new Treaty or to make a minute comparison with the present Treaty.

Briefly it is the opinion of the undersigned that all the advantages provided for in the present St. Lawrence Deep Waterway Treaty and in the present Niagara Convention, as above listed, can in the course of negotiations be retained in the over-all Great Lakes and St. Lawrence Treaty, suggested by the United States.

With regard to the *St. Lawrence section* of the new draft it may be said that it includes the substance of all the provisions contained in the present St. Lawrence Deep Waterway Treaty with the following exceptions:

(a) the new draft provides that the works in the International Rapids Section are to be constructed in accordance with plans to be prepared by a broadly empowered international commission and approved by the two Governments, instead of in accordance with the plans prepared by the Joint Board of Engineers which were accepted by the two Governments as the basis of the Treaty of 1932.

(b) the new draft provides that each Government shall itself construct those portions of the works in the International Rapids Section allocated to it by the Commission and that the Commission shall approve all contracts entered into on behalf of either Government in this section, whereas the present Treaty provides that the corresponding Commission be itself empowered to construct the works in the International Rapids Section.

With regard to the proposed preparation of new plans for the International Rapids Section, the undersigned is of the opinion that in the negotiations which would necessarily precede agreement upon a final and mutually acceptable draft, Canada could, if it so desired, insist upon the continued recognition of the plans of the Joint Board of Engineers as the basis of operation.

With regard to the *Niagara section* of the new draft, it provides for construction of remedial works for the preservation of the scenic values, for tests of these remedial works, and for reports and recommendations respecting additional diversion of water for power purposes consistent with the full preservation of scenic values. It provides that arrangements for the construction of the remedial works shall be made by an exchange of notes between the two Governments and that the cost thereof shall be borne by the two Governments in equal moieties. It goes further than the present Treaty in that it provides for an immediate authorization of 5,000 c.f.s. additional permanent diversion on each side of the International boundary. In some minor respects the new provisions are out of step with the provisions of the present Convention. The undersigned is of the opinion, however, that it would be feasible to include the advantageous new ideas now suggested and at the same time retain certain safeguarding features embodied in the earlier Convention.

#### CANADA-ONTARIO POSITION AT PRESENT

In view of the differences of viewpoint at present prevailing between the Governments of Canada and Ontario in respect to policies to be followed for the development of power on international waterways, it is of interest to record the power results to be achieved under the two policies.

The provisions of the suggested over-all Treaty will ensure the following power supply for Ontario:

(a) The <i>immediate</i> availability of the 1,000 c.f.s. which Ontario is at the present time pressing to divert into Lake Superior from Long Lake, together with the 4,000 c.f.s. which could be similarly diverted from the Ogoki watershed. This in the Nipigon, St. Mary, Niagara, and St. Lawrence rivers, would total to	350,000 h.p.
(b) The <i>immediate</i> availability at Niagara through an increase of 5,000 c.f.s. authorized permanent diversion (available as soon as the Treaty is passed). This would total to	150,000 h.p.
(c) Plus <i>additional</i> power at Niagara at intervals following the completion and testing of the remedial works. This is an estimate dependent upon the success of the remedial works in preserving the scenic values and it might total to	500,000 h.p.
(d) The <i>future</i> availability to Ontario (say in 10-years' time, to be determined in a new Canada-Ontario Agreement) of Canada's share of power on the international reach of the St. Lawrence totalling to	1,000,000 h.p.
Grand Total	2,000,000 h.p.

It will be noted that the above listed total is in the form of power to be developed in a progressive step by step order which could be largely determined and controlled by Ontario.

It may also be noted that all the power proposals for which Ontario has pressed from time to time in respect to international waters are provided for in the proposed new over-all Treaty. In all some 2,000,000 horse-power will become accessible to Ontario.

In the Treaty there is also included provision for the conservation of the Great Lakes levels, agreement upon the Chicago diversion, provision for the protection of the scenic values at Niagara, provision for deep water navigation, and other matters of peculiar import and value to the Province. The United States is eager to negotiate a Treaty embodying these provisions.

On the other hand Ontario's suggestion that an independent agreement be made with the United States respecting the Ogoki-Long Lake diversions will render available to Ontario 350,000 horse-power (in the Nipigon, Black, St. Mary, Niagara, and St. Lawrence rivers) of which only 150,000 horse-power is available at Niagara. Furthermore, its negotiation is difficult in view of the position taken by the United States in pressing for the development of the St. Lawrence River power as conditional upon power concessions elsewhere. . . .

368.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 40

Ottawa, January 24, 1938

Sir,

I have the honour to state that the Canadian Government have under consideration and are prepared to approve an application, pursuant to the Navigable Waters Protection Act, from the Hydro Electric Power Commission of Ontario, for which the Government of the Province of Ontario ask favourable consideration, and which seeks the approval of certain works designed to provide for the diversion of water from the Kenogami River, a tributary of the Albany River, via Long Lake, all in the Province of Ontario, into Lake Superior.

The proposed diversion, it will be seen, would be one into the Great Lakes-St. Lawrence water system from another watershed lying wholly within the borders of Canada. It is calculated that the average diversion would amount to 1200 c.f.s. of water.

The project if carried out would entail certain material advantages. It would in practical effect improve the conditions affecting navigation throughout the Great Lakes-St. Lawrence system and reduce to some extent the

expenditures on the compensating works which for various reasons have to be carried out and maintained at certain points in the system—an advantage that would be shared by the United States in common with Canada. It would also make available more water along that system for the production of electrical power. As regards this aspect the Canadian Government would expect that the proposed diversion, if carried out, would be subject to the principle that the waters diverted from a national watershed into the international waterways should be regarded for power uses as national waters exclusively. This is a principle which, it will be recalled, was recognised in the negotiation of the St. Lawrence Deep Waterway Treaty in 1932.

The Canadian Government therefore wish to inquire whether the United States Government would be disposed to enter into an agreement to the effect that, notwithstanding the provisions of Articles 5 and 8 of the Boundary Waters Treaty of 1909 regarding the division of the uses of boundary waters, in the event of the proposed diversion being made into Lake Superior from the Kenogami River via Long Lake, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall be vested in Canada and the quantity of water so diverted shall be at all times available to Canada for use for power below the point of diversion so long as it constitutes a part of boundary waters.

It is requested that you bring this proposal to the attention of the United States Government as soon as possible and request their favourable consideration.

I have etc.

W. L. MACKENZIE KING

369.

*Le premier ministre d'Ontario au Premier ministre  
Ontario Prime Minister to Prime Minister*

Toronto, February 14, 1938

Dear Mr. Prime Minister,

Early in July I instructed the Provincial Secretary to write to Hon. Fernand Rinfret with reference to a proposal to divert the waters of the Kenogami River into Lake Superior. The letter suggested the transmission of the request of the Government of Ontario, through the proper channels, in order to make a proposed diversion into the Great Lakes legal under the Boundary Waters Treaty, and the retention for Canada of the benefits of the diverted water. To this you replied on September the 7th outlining the position of your Government with respect to the matter, and also declining to make any representation to the American Government, voicing, as you did, the opinion that the United States administration would be unwilling to sidetrack the St. Lawrence Treaty for such a project. You stated in part:

We are not only doubtful of the chance of reaching an agreement with the United States on this particular item alone; we appreciate that an attempt to put it forward separately at the present stage might endanger or weaken our position as regards



the other outstanding boundary waterway questions with which it has significant practical interrelationships which are important to both the Dominion and the Province.

Unfortunately for me, your letter addressed to Mr. Nixon arrived during the course of the Provincial general election. It was not until I returned to attend the first Council meeting after the election that your communication was handed to me. I must confess that it came as a distinct shock as the proposed diversion of Long Lac waters was the first step contemplated with respect to further power development in the Niagara District. Later on it was hoped to proceed with the Ogoki diversion, and later still the Hydro Commission had made definite plans for greater utilization of the Welland Canal as a source of water supply for the De Cew Falls development. However, all of this back to Niagara policy was predicated upon receiving the necessary co-operation of your Government in order to assist the Ontario administration insofar as international complications were concerned. In the meantime, the Ontario Hydro Commission had let a contract for the Kenogami diversion, and certain other arrangements had been made by the Department of Lands and Forests.

I might state that this Government is trying to maintain a sound financial position for the Province, to provide gainful employment for men, and to increase the revenues at the same time. May I therefore give you the economic background of [t]his proposed scheme.

It was the intention of the Government to open up what is known as the Long Lac Limits, which hitherto have been inaccessible. No timber operations had been carried on and as a consequence the valuable area was beyond maturity and was actually burning and deteriorating. The diversion of waters southward would provide a system of transportation for logs and pulpwood. The estimated revenue from all sources would be in the neighborhood of \$400,000 per year. In addition, the Pulpwood Supply Company had agreed to build a pulp plant, starting not later than September 1939, at a capital expenditure of \$2,500,000, and to employ a large number of men. The agreement effected between the Crown and the company requires the latter to pay a sum equal to \$300,000 towards the cost of the water course, on an amortization plan. In addition to this, the diversion would provide sufficient water to develop 35,000 Horse Power, which will be required for the natural development of the district within the next two years, and here I might add that our engineers have informed me that this is our only source from which we can secure the power necessary to supply the increasing demand from that section at a price which will enable further development of the mines of the district, which have only low grade ore available.

Since the attitude of your Government was made known we found it necessary to modify our proposed plans and we are now proceeding with only sufficient works to permit the transportation of pulpwood cut in the upper part of the Kenogami River watershed to the outlet on Lake Superior. Only sufficient water will be diverted southerly to transport this pulpwood and this

for the open season months during which river driving operations are possible. It is regrettable, therefore, that during the remainder of the year no water will be diverted, having in mind the beneficial effects that the increased flow into the Great Lakes would have for navigation, assisting in the elimination of river pollution which today is taking a terrific toll in the fish population, and for the increased flow at Niagara which possibly would to some extent obviate a recurrence of the unfortunate disaster which occurred there a short time ago.

We have also completed our survey of the proposed Ogoki diversion, which would pour an additional 4,000 cubic feet per second into the Great Lakes, would open up great timber areas, and provide again the necessary water for the power requirements of that section of the Province.

While recognizing the right of Ontario to further divert these waters at Niagara, in accordance with the principal [*sic*] accepted in the treaty signed at Washington July 18, 1932, but not ratified, there is no likelihood of this question being pressed for many years to come. By reason of the settlement effected with the Quebec power companies, our engineers advise that our power requirements have been taken care of for many years.

I am hoping that you will reconsider the position of your Government and endeavor, on behalf of the Province of Ontario, to separate the general scheme of the St. Lawrence Waterways from the problem of diverting the waters above Niagara.

With kindest regards, I am

Yours sincerely,

M. F. HEPBURN

370.

*Le Premier ministre au premier ministre d'Ontario*

*Prime Minister to Ontario Prime Minister*

Ottawa, February 22, 1938

My dear Premier,

I have received your letter of February 14th, 1938, regarding the project to divert the waters of the Kenogami River (via Long Lake) into Lake Superior.

You refer to your Government's request, made through Mr. Nixon in July last, that representations be made to the United States Government looking to the retention for Canada of the benefits of waters so diverted, and you interpret my reply to Mr. Nixon of September 7th, 1937, as a refusal to make such representations.

My letter to Mr. Nixon can bear no such interpretation. The letter expressly showed that it was the result of only a preliminary examination, thus indicating that it was not to be taken as a final reply. It also clearly indicated

that its object was to review the main considerations and diplomatic background which had come to the knowledge of the Canadian Government and which appeared to affect the project in question. That the purpose of this review was to facilitate further discussion is plain from the final statement in my letter that the Government would be glad to go into the question further with any representatives who might be named for the purpose.

As regards your allusion to the circumstance that my letter to Mr. Nixon did not come to your attention until your first Council meeting after the provincial general election, I need only say that my letter was sent on September 7th last and was acknowledged on September 9th.

I am unable to understand your statement that my letter came to you as "a distinct shock". The international complications surrounding this problem of arranging to secure for Canada the benefits of such diverted waters were well known to the Government and power authorities of Ontario long ago. The problem was first raised by the Ontario Government in 1925, and discussions followed. It was dealt with in a well known provision of the unratified St. Lawrence Deep Waterway Treaty of 1932, which had been fully discussed with Ontario. In November, 1935, in connection with the Ogoki River diversion project, exactly the same problem was raised by the Ontario Power Commission with the Department of External Affairs, and in February, 1936, the Department replied reviewing the position and pointing out the international complications attending the matter. The fact that the United States Government were strongly emphasizing the desirability of treating as a whole all the particular questions affecting the Great Lakes-Niagara-St. Lawrence system had been made known in my letter to you of January 8, 1937,<sup>1</sup> and had been more fully explained at conferences with representatives of your Government and of the Power Commission held in Ottawa on January 14th and February 24th, 1937.

Your letter, after indicating the benefits of the Kenogami diversion project to the Province, goes on to suggest that because of the attitude of our Government the works under way have had to be partially suspended or cut down. As the works were started before the necessary consent under the Navigable Waters Protection Act had been assured, or the discussions concluded as to the possibility of an arrangement with the United States, it is apparent the responsibility for the situation which has arisen does not rest on the Canadian Government. The Ontario Hydro Electric Power Commission's plans and application, under the Act, for the approval of the proposed dam on the Kenogami River, were sent to the Department of Public Works on July 31, 1937. In the first part of August the Department's District Engineer inspected the site of the works, and on August 30 the Commission was advised that additional plans, covering the works for the proposed diversion southerly from Long Lake, would be required before the Department could deal with the application. These additional plans were forwarded by the Commission on December 10, 1937, and on January 26, 1938, the Depart-

<sup>1</sup> Non reproduite/not printed.

ment advised the Commission of the usual conditions, under which the Department would be prepared to recommend the approval of the construction of the proposed dam.

In conclusion you express the hope that the Canadian Government will reconsider the position and, on behalf of Ontario, will endeavour, in the international negotiations, "to separate the general scheme of the St. Lawrence Waterways from the problem of diverting the waters above Niagara". In this connection I have observed public statements intimating that the Government have been trying to impose a general scheme upon Ontario against her will.

None of the correspondence or consultations with Ontario representatives affords any foundation for such suggestions. At no time has the Canadian Government declined to ask the United States Government if they could deal particularly with this problem of retaining for Canada the benefits of waters that might be diverted into the Great Lakes; nor has there been any effort to impose anything upon Ontario. What has been done has been to bring to the attention of the Ontario authorities the position of the United States Government from time to time as it has become known to us; and, in view of the practical importance of all these matters to Ontario, we have invited discussions with your representatives. This we were naturally bound to do, in order to find out what it might be practicable to say in reply. In so doing the Canadian Government was merely making known the position taken by the United States whose co-operation was necessary to the settlement of any international water development. At no time has the Government of Canada itself taken the position that the St. Lawrence Waterway, Niagara and other boundary waters questions must be settled as a whole, or that it was not prepared to deal with the projects for diversions into the Great Lakes separately from the St. Lawrence project.

As shown to the Ontario authorities from time to time, the situation has been that extensive efforts were made to deal separately with the St. Lawrence and other matters and with Niagara but the two treaties that were negotiated failed to secure the consent of the United States Senate. Later the United States Government suggested that the scenic beauty problem at Niagara should be dealt with, but without any reference to the power problem there; in other words that the power aspect should be postponed. In view of the position taken by Ontario we informed the United States authorities that it would be impracticable to separate the scenic beauty problem from the general Niagara position. At a later stage there appeared some reason to believe that the United States Government might find it practicable to reconsider their view as regards Niagara if the solution there could become part of a comprehensive plan covering the Great Lakes-Niagara-St. Lawrence system and providing for the solution of all the main problems, not simultaneously, but progressively as and when opportunity or economic considerations touching one part or another, on one side of the line or the other, might permit. In an earlier paragraph I have referred to their strong emphasis upon this, as shown in communications made to you and your representatives in January and

February, 1937. Later, in the first week of November, 1937, the United States made a further inquiry which showed that they still held the same strong view as to this kind of solution; and this time, as shown to you in my letter of the following week, dated November 12, 1937,<sup>1</sup> they specifically indicated that they regarded the question of diversions into the Great Lakes as a matter to be dealt with as a part of a general settlement.

On each occasion, so far from attempting to impose anything, I could only, as I did, ask your views in order that I might be in a practical position to make some communication to the United States representative. Upon receiving your replies I naturally made the situation known to them.

I had assumed you realised that, in situations involving several interests, practical solutions can only be reached by agreement of all interests, and that, in making known to you from time to time the position of one of the essential parties in interest, I was only following a simple and necessary procedure familiar to all negotiators when confronted with differing views.

As there had been public misrepresentation of the Government's position, and in order to remove completely any suggestion that our Government were unwilling to take the matter up specifically with the United States Government as requested, a note was sent to that Government in January, requesting that they enter into an agreement to the effect that if the proposed diversion were made from the Kenogami River into the Great Lakes, the equivalent of the diverted waters should be exclusively available to Canada for power purposes below the point of diversion (which would mean at Niagara and along the St. Lawrence). The note has been acknowledged, but a definite reply has not yet been received. I enclose a copy of the note<sup>2</sup> as sent by our Legation in Washington on January 27th under the instructions of the Government.

Yours sincerely,

W. L. MACKENZIE KING

371.

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

[Washington] March 17, 1938

Sir,

I have the honour hereby to convey to you the views and decision of the United States Government in connection with the request made in your note no. 17 of January 27, 1938.

In the note in question you stated that the Canadian Government has under consideration and is prepared to approve an application, pursuant to the Navigable Waters Protection Act, from the Hydro-Electric Power Commission of Ontario, for which the Government of the province of Ontario asks favor-

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> Le doc. 368 était la base de cette note/doc. 368 was the basis of this note.

able consideration, and which seeks the approval of certain works designed to provide for the diversion of water from the Kenogami River, a tributary of the Albany River, via Long Lake, all in the province of Ontario, into Lake Superior.

You went on to say that the project, if carried out, would entail certain material advantages, which the United States would share in common with Canada, namely, an improvement in the conditions affecting navigation throughout the Great Lakes-Saint Lawrence system, and some reduction in the expenditures on the compensating works which have to be operated at certain points in the system. With regard to the conditions affecting navigation, it is perhaps sufficient at this time to observe that any proposal which might affect the existing levels of boundary waters would appear to fall within the scope of Article 3 of the Boundary Waters Treaty of 1909, which reads in part as follows:

It is agreed that, in addition to the uses, obstructions, and diversions heretofore permitted or hereafter provided for by special agreement between the Parties hereto, no further or other uses or obstructions or diversions, whether temporary or permanent, of boundary waters on either side of the line, affecting the natural level or flow of boundary waters on the other side of the line, shall be made except by authority of the United States or the Dominion of Canada within their respective jurisdictions and with the approval, as hereinafter provided, of a joint commission, to be known as the International Joint Commission.

In conclusion, you pointed out that the diversion, averaging approximately 1,200 cubic feet per second, would also make available more water along the Great Lakes-Saint Lawrence system for the production of electrical power. You inquired whether the Government of the United States would be disposed to enter into an agreement to the following effect: That, notwithstanding the provisions of Article 5 and 8 of the Boundary Waters Treaty of 1909, in the event of the proposed diversion being made into Lake Superior from the Kenogami River, via Long Lake, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall be vested in Canada, and the quantity of water so diverted shall be at all times available to Canada for use for power below the point of diversion so long as it constitutes a part of boundary waters.

As both governments are fully aware, the existing contractual rights of our two countries in respect to the uses of boundary waters are embodied in the Boundary Waters Treaty of 1909. The proposal now advanced by your Government contemplates a change in that treaty which, in connection with possible additional diversions of water for power purposes on the Canadian side of the Niagara River, would have the effect of upsetting the division of water for power purposes which was specifically provided for in Article 5 of the Boundary Waters Treaty and which was considered equitable at that time. It is noted that although this Government is invited to acquiesce in the proposed change, which would be to the sole benefit of the province of Ontario, there is no suggestion that there be considered at the same time any of the related questions which are of outstanding interest to the United States.

This Government does not contend that the division of water for power purposes agreed upon in 1909 is perfect, or that it should necessarily be perpetuated. Indeed, this Government is convinced that Article 5 of the Boundary Waters Treaty is antiquated and in urgent need of revision, not only to provide for the construction of adequate works to ensure the preservation of the scenic beauties of Niagara Falls, but to eliminate, through much more efficient utilization of existing power resources, the waste which is inevitable with the present power plant facilities. The adoption of progressive steps in the Niagara River looking towards the equalization of diversion between the two countries and the most efficient use of the waters so diverted for power purposes, would in the opinion of this Government result in mutual benefits considerably larger than those now enjoyed by either country.

It is believed that no change should be made in Article 5 of the Boundary Waters Treaty without due consideration being given to the new conditions which have arisen since 1909. Without entering into a detailed discussion of those conditions, I will merely draw your attention to the following factors:

- A. The practical obsolescence of the power plants which existed and were taken into consideration at the time the 1909 treaty was made.
- B. The construction by Ontario of the Queenston station at the foot of the lower Niagara Rapids, no consideration having been given in 1909 to the possibility of diversion around the Rapids.
- C. The Supreme Court decree limiting the diversion in the Great Lakes Basin at Chicago to 1,500 cubic feet per second by December 31, 1938, thereby making 8,500 cubic feet per second available at Niagara which were not considered available in 1909.
- D. The present utilization of Niagara waters for peak purposes over and above the daily average diversions, no consideration having been given in 1909 to agreement on the limits of this practice.
- E. Finally, as was mentioned before, the urgent necessity for works to preserve the scenic beauties of Niagara Falls.

As indicated in your note, it is true that in the Great Lakes-Saint Lawrence Deep Waterway Treaty, which was signed on July 18, 1932, but which failed to receive the advice and consent of the United States Senate to its ratification, the principle was accepted that waters diverted from a national watershed into the international waterways should be regarded for power uses as exclusively national waters of the country wherein the watershed lay. What is not clear from your note, however, is the fact that this provision, which in reality could only benefit Canada, was a part of a comprehensive agreement which involved a large number of other factors. A request that this Government accede to the adoption of this principle in a separate agreement without relation to those other factors, many of which are of outstanding importance to the United States, does not seem justifiable.

May I say, in conclusion, that this Government realizes the needs of Canada, and particularly the needs of the province of Ontario, with respect

to the production of additional hydro-electric power, and sympathizes with the very natural desire of the Canadian Government to provide for the future. This Government has every reason to hope that the Canadian authorities on their part will appreciate and sympathize with the needs of the American people on their side of the border.

It is only because this Government desires to see the mutual needs of both countries fully provided for, and is convinced that this can best be done through a jointly planned development of their extraordinary natural resources in the Niagara and Saint Lawrence Rivers, that it finds it necessary to convey an adverse decision on the specific request set forth in your note.

As the Canadian Government is already aware, this Government is ready and eager to enter into and push to a speedy conclusion negotiations looking towards a mutually satisfactory agreement dealing with the varied and important problems of the Great Lakes-Saint Lawrence River Basin.

Accept etc.

CORDELL HULL

372.

*Le chargé d'affaires par intérim des États-Unis au secrétaire d'État  
aux Affaires extérieures*

*United States Chargé d'Affaires ad interim to Secretary of State  
for External Affairs*

No. 686

Ottawa, April 29, 1938

Sir,

I have the honor to inform you that the appropriate authorities of my Government have received copies of the *Canada Gazette* of August 28, 1937, containing an Order-in-Council, P.C. 1903, under date of August 6, 1937, making effective as of October 1, 1937, load line rules for ships making voyages on lakes or rivers.

The Coastwise Load Line Act, 1935, as amended, of the United States, provides in the U.S.C., title 46, sec. 88 d:

§88d. Foreign vessels; application of sub-chapter. Whenever the Secretary of Commerce shall certify that the laws and regulations in force in any foreign country relating to load lines are equally effective with the regulations established under sections 88 to 88i of this title, the Secretary of Commerce may direct, on proof that a vessel of that country has complied with such foreign laws and regulations, that such vessel and her master and owner shall be exempted from compliance with the provisions of sections 88 to 88i of this title, except as hereinafter provided: Provided, That this section shall not apply to the vessels of any foreign country which does not similarly recognize the load lines established under sections 88 to 88i of this title and the regulations made thereunder. (Aug. 27, 1935, c. 747, §5, 49 Stat. 889.).

The American authorities have concluded that, except for sub-division load lines applicable to passenger vessels, the aforementioned Canadian



load line regulations are as effective as the regulations set forth in Section C of the Load Line Regulations of the United States (Rules and Regulations Series, No. 4, January 1938 edition), of which three copies are enclosed.

The Government of the United States will recognize the Canadian load line regulations as promulgated in the *Canada Gazette* of August 28, 1937, to be as effective as Section C of the United States Load Line Regulations (January 1938 edition), provided that the Canadian Government will similarly recognize United States load line regulations.

As no provision is made in the Canadian load line regulations for sub-division marks for passenger vessels, and as the United States Load Line Regulations under Section D require passenger vessels to be provided with such marks, I am desired by my Government to inquire whether, in order to prevent Canadian passenger vessels from becoming liable to a penalty when entering United States ports, the Canadian Great Lakes Load Line Regulations could be extended to give effect to sub-division and other matters pertaining thereto.

Accept etc.

JOHN FARR SIMMONS

373.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

No. 97

Washington, May 2, 1938

Sir,

I have the honour to refer to your note dated the 18th June, 1937, concerning the requirements of Articles VIII and IX of the Lake of the Woods Convention, which was signed on the 24th February, 1925, and which provided for the regulation of and the outflow from the Lake of the Woods.

2. You have referred to the transmission, on the 1st April, 1937[*sic*-1927], of a cheque from the Canadian Government for \$275,000, in compliance with the provisions of Article X of the Convention.

3. You have also brought to my attention a communication which you had received from the Secretary of War, concerning the completion of the acquisition of flowage easements, including the submission of an account of expenditures totalling \$874,688.71, without however taking into account an item of \$11,740.25 to be paid to the Chippewa Indians for the acquisition of flowage easement over ceded Indian lands bordering the Lake of the Woods. That payment, I understand, is awaiting authorization by Congress.

4. You have also enclosed a copy of a final report dated 31st March, 1937, from the Secretary of War concerning this matter. Before proceeding to consider certain questions which arise out of this matter I may say that I have examined the provisions of the final report which refers in Section 25 to the close co-operation between the Canadian officials and the officials of the United States Government services, at every stage in these proceedings. I should like to express the appreciation of the Canadian Government of the courtesy which has at all times been received from the United States officials concerned in this matter and of the admirably efficient manner in which the business has been conducted throughout. The representatives of the United States Engineer Office at Duluth, and the representatives of the Department of the Attorney General have conducted these proceedings in a most competent manner and have brought them to a most satisfactory conclusion. They have at all times kept the Canadian officials advised as to the course of proceedings and have made it possible for them to work together in complete harmony and with mutual satisfaction.

5. There are however certain aspects of this account which may require special consideration. No question could be raised as to the actual items in the account, but there may be certain questions emerging as to whether certain items in the account can be regarded as subject to the provisions of Articles VIII, IX and X of the Convention.

6. If you would refer to Article X of the Convention and particularly to the second paragraph, you will see that it reads as follows:

In consideration, however, of the undertakings of the United States as set forth in Article VIII, the Government of Canada shall pay to the Government of the United States the sum of two hundred and seventy-five thousand dollars (\$275,000) in currency of the United States. Should this sum prove insufficient to cover the cost of such undertakings one-half of the excess of such cost over the said sum shall, if the expenditure be incurred within five years of the coming into force of the present Convention, be paid by the Government of Canada.

7. You will observe that it refers particularly to the undertakings of the United States as set forth in Article VIII and provides that the Government of Canada should pay the sum of \$275,000 to cover these undertakings and that if this sum should prove insufficient to cover the cost of such undertakings one-half of the excess of such cost should be paid by the Government of Canada.

8. Accordingly it would appear that the first task is to determine, not the costs to the Government of the United States of these proceedings, but the undertakings in Article VIII to which reference is made. Article VIII reads as follows:

A flowage easement shall be permitted up to elevation 1064 sea level datum upon all lands bordering on Lake of the Woods in the United States, and the United States assumes all liability to the owners of such lands for the costs of such easement.

The Government of the United States shall provide for the following protective works and measures in the United States along the shores of Lake of the Woods

and the banks of Rainy River, in so far as such protective works and measures may be necessary for the purposes of the regulation of the level of the lake under the present Convention: namely, the removal or protection of buildings injuriously affected by erosion, and the protection of the banks at the mouth of Warroad River where subject to erosion, in so far in both cases as the erosion results from fluctuations in the level of the lake; the alteration of the railway embankment east of the town of Warroad, Minnesota, in so far as it may be necessary to prevent surface flooding of the higher lands in and around the town of Warroad; the making of provision for the increased cost, if any, of operating the existing sewage system of the town of Warroad, and the protection of the waterfront at the town of Budette [*sic*], Minnesota.

9. Examining the provisions of this Article the undertakings are of two classes:

(a) The assumption by the United States of all liability to the owners of the lands of the costs of easements.

(b) Provision of the protective works and measures.

10. The second class of undertakings can be easily disposed of. No question can be raised as to the first four of the following items in the account all of which relate to this second class of undertakings:

Village of Warroad Sewer System .....	\$ 4,854.00
Bank Protection at mouth of Warroad River:	
Concrete wall .....	114,519.02
Backfill .....	31,746.47
Bank protection at Blackbird Island (Riprap) ....	3,792.15
Bank protection at American Point (Riprap) ....	2,210.95
Surveys, mapping, engineering studies and investigations .....	72,635.59

The last item relates both to protective works and to the acquisition of flowage easements. It is not clear that it comes within the undertakings, expenses of which are to be shared by the Government of Canada.

11. The first class of undertakings presents more difficulty. The first item is:

Amount paid for flowage easements ..... \$367,789.53

Subject to some minor reservations, no question can be raised with regard to this item.

12. The other two items present more difficulty. They are as follows:

Administration ..... \$138,914.17  
 Legal expenses ..... 138,226.83

It is not clear that either of these items comes within the class of undertakings of the United States under Article VIII, and particularly of course under the first paragraph of that article.

13. A reference to the wording of this paragraph which is set forth above, and particularly to the clause

and the United States assumes all liability to the owners of such lands for the costs of such easement

seems to show that it was the intention of the High Contracting parties to the Convention that the matter for division was to be the "liability to the owners of such lands". I do not quite see how either administration or legal expenses could be brought within the meaning of this phrase. They are not part of the liability to the owners of the lands and seem to be ordinary governmental expenditures. Consequently, it seems that further consideration of the inclusion either of the administration cost or the legal expenses within the account is necessary.

14. The question of legal expenses presents an additional consideration. If you will refer to paragraph 2 of the Protocol accompanying the Convention, you will see that there is a provision,

should the cost be determined by means of the usual judicial procedure in the United States, the Government of Canada shall be given the privilege of representation by counsel in connection therewith.

Advantage has been taken of this provision, and throughout the proceedings counsel for the Canadian Government has co-operated with the attorney representing the Government of the United States. By agreement between counsel, the Canadian representative was not present at all of the trials, but he participated in the preparation for the trials, assisted in certain of the trials, and participated in all of the appeals. Throughout, the legal end of the work has been treated as a joint problem and there has never at any stage been any suggestion that the United States legal representatives were to be regarded as in any sense acting for the Canadian Government or paid directly or indirectly by the Canadian Government. I am of course aware that the Canadian legal expenditures would be appreciably less than those of the Government of the United States but they would nevertheless be a very substantial sum and it would not seem to be in conformity with the general intention exhibited by the Convention that the Canadian Government should have to pay not merely its own expenses but one-half of the United States costs as well.

15. Returning to the first item, there are some minor reservations of points which require consideration. Without embarking upon a detailed discussion of these points they may be enumerated as follows:

- (a) Questions relating to lands bordering on Rainy River.
- (b) Past and future damages and erosion.
- (c) Damage to cellars in Warroad.
- (d) Vacating and re-opening judgments under the Act of Congress of 28th February, 1931.
- (e) Indian lands.

All of these points raise the question as to whether certain portions of the expenditure are chargeable under the terms of the Convention against the Canadian Government. They have for the most part been the subject matter of specific reservations by representatives of the Canadian Government in the litigation or in correspondence.

16. I am sure that your Government will agree that it would be impracticable to embark upon a discussion of the major points dealt with in paragraphs 12 to 14 above or of the minor points dealt with in the preceding paragraph in the course of correspondence. I am sure that more progress would be made in determining what portion of the account is chargeable under the Convention if arrangement is made for discussion between the appropriate officials of the two Governments concerned. The Canadian Government would be very glad to arrange for such a discussion to take place either at Washington or at Ottawa.

I have etc.

HERBERT M. MARLER

374.

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

Washington, May 28, 1938

Sir,

I have the honor to refer to my note of March 17, 1938, and to my memorandum<sup>1</sup> of the same date in which I expressed the conviction of the United States Government that the mutual needs of Canada and the United States could be best provided for through a jointly planned development of their extraordinary natural resources in the Great Lakes-St. Lawrence River basin. I stated that this Government is ready and eager to enter into and push to a speedy conclusion negotiations for a mutually satisfactory agreement directed to this objective.

I now desire to lay before you certain additional proposals which, in the opinion of the United States Government, should make it possible to reach an immediate agreement providing for the early initiation of the undertaking in accordance with a program designed to give full recognition to a possible divergence of interest between the two countries with reference to the timing of specific works.

As a basis for discussion, I am transmitting to you herewith an informal and tentative draft<sup>1</sup> of a proposed general treaty establishing what is, in effect, a broad plan covering the future utilization of the Great Lakes-St. Lawrence Basin to assure the maximum advantages to both peoples. In this draft it has been our purpose to embody terms assuring recognition of the special needs and problems of the areas intimately concerned on both sides of the boundary.

The United States Government believes that the best interests of both peoples would be served by the immediate consummation of an agreement along the general lines of this treaty draft. I may add that in its preparation

<sup>1</sup>Non reproduits/not printed.

special consideration was given to the views of the Government of the Province of Ontario, as expressed in official communications recently made public in Canada, to the effect that it is not ready to assume any responsibility in connection with the project until its market requires the power.

In brief, the proposed treaty would (a) enable the United States to go forward immediately with the International Rapids Section link in the proposed St. Lawrence deep waterway and the incidental power development; (b) defer Canada's responsibility for completing its share of the waterway for a sufficient time to assure the readiness of the Ontario power market to absorb its share of the power; (c) provide for an international commission to develop plans and advise the two Governments in a program to promote the most advantageous use of the entire Great Lakes-St. Lawrence resource; (d) assure the immediate undertaking under the supervision of this commission of the proposed remedial works to preserve the scenic beauty of Niagara Falls; (e) permit the Province of Ontario to go forward with its plans for diversions from the Albany River basin into the Great Lakes and utilize such additional water for power at Niagara; (f) make available considerable additional Niagara power to each country for development at will; and (g) enable the proposed commission to proceed immediately with the preparation of comprehensive plans for more efficient use of the resources of the Niagara River.

In my memorandum of March 17, 1938, reasons were given why the Government of the United States could not consent to additional importations of hydroelectric power on a withdrawable basis unless provision were simultaneously made for the development of an alternative and equally economical domestic supply to be available when the imported power was withdrawn. Under the proposed treaty such a domestic supply would be made available through the development of the American share of the International Rapids Section and the Government of the United States would therefore be prepared to approve such additional imports of power from Canada, on a temporary basis and without obligation on the part of either party to continue, as Canada might see fit to permit to be exported.

Certain observations on the proposals which have been incorporated in the tentative treaty draft will serve to clarify the extent to which they are designed to meet the needs of both countries.

1. The United States would immediately undertake the development of the International Rapids Section of the St. Lawrence River, in accordance with the provisions of the treaty, and would complete all proposed works except the Canadian power house superstructures and their equipment. Thus, the next important step in the deep waterway project would be assured without requiring the Government of Canada to undertake the immediate completion of its share of the project or the additional expenditure associated therewith.

2. The State of New York would be able to proceed immediately with the development of the 1,100,000 horsepower of cheap hydro-electric power which constitute the American share of the power available in the Interna-

tional Rapids Section of the St. Lawrence River. This additional power supply at a cost of less than \$8.00 per horsepower year would thus be assured to meet its future market requirements.

3. The Province of Ontario would be assured an equivalent reserve of cheap St. Lawrence power, available to meet its requirements whenever the supplies provided in the present contracts with Quebec companies shall have been absorbed, without the assumption of any financial obligation until it needs the power. This would guarantee the Province of Ontario an economical power supply for many years to come. Furthermore, the Province would be relieved of the necessity of anticipating future market requirements by more than two years because, after completion by the United States of other works in the International Rapids Section, such a period would be ample for the construction of the required power house facilities.

4. The civic interests in both countries concerned with the preservation of the scenic beauty of the Niagara Falls and Rapids would be assured the immediate undertaking of the remedial works to distribute the waters of the Niagara River in such a way as to ensure unbroken crestlines on both the American and Canadian Falls, as recommended in the 1928 report of the Special International Niagara Board and embodied in the unratified 1929 Convention and Protocol between the two countries.

5. The Province of Ontario would be assured the opportunity of proceeding with its projects designed to divert the waters of certain tributaries of the Albany River into the Great Lakes-St. Lawrence basin and would acquire the right to use such waters for additional power development at Niagara and eventually in the International Rapids Section of the St. Lawrence River. Under present plans this would make an additional 100,000 to 150,000 horsepower at Niagara as soon as the diversion projects shall have been completed.

6. Both countries would be assured not only the immediate possibility of developing considerable additional supplies of very cheap hydroelectric power at Niagara but also the initiation of the first scientific approach to the development of a comprehensive plan for the utilization of the Niagara River. Such a plan would provide both for enhancement of scenic spectacle and for future power development, which would prove an important contribution to economic expansion on both sides of the boundary.

7. The important economic areas tributary to the Great Lakes-St. Lawrence basin on both sides of the border would be assured of the realization of their desire that ocean navigation be brought to the heart of the continent while, at the same time, the period within which completion of the deep waterway would be contemplated would be sufficient to provide a natural growth of traffic assuring the railroads the ability to adjust themselves to the new transportation agency without financial hardship.

8. Both countries would be assured a continuing basis of cooperation in the planned utilization of one of the world's greatest natural resources.

Provision would be made for the prompt solution on a sound technical basis of all problems, including those of navigation, power, lake levels, diversions from and into the basin, et cetera, in terms of the mutual interests of the two peoples.

May I express the hope that the Government of Canada will find in the proposals herein outlined a satisfactory basis for the undertaking at an early date of negotiations for a treaty and the expediting of such negotiations to the end that the interests of both peoples in the Great Lakes-St. Lawrence resource may be most effectively served?

I shall appreciate being informed of the views of your Government as soon as may be conveniently possible.

Accept etc.

CORDELL HULL

375.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires des États-Unis  
Secretary of State for External Affairs  
to United States Chargé d'Affaires*

No. 125

Ottawa, August 24, 1938

Sir,

With reference to your note No. 686 of the 29th April, 1938, in the matter of load line regulations which apply to the Great Lakes, I have the honour to state that this matter was considered by the Canadian authorities concerned.

It is observed that the United States authorities have concluded that, except for sub-division load lines applicable to passenger vessels, the Canadian load line regulations applicable to ships making voyages on the Great Lakes are as effective as the regulations set forth in Section (C) of the Load Line Regulations of the United States (Rules and Regulations Series No. 4, January, 1938, edition), and that the Government of the United States will recognize the Canadian load line regulations promulgated in the Canada Gazette of the 28th August, 1937, that is to say the "Load Line Rules for Ships making Voyages on Lakes or Rivers", approved by Order-in-Council of the 6th August, 1937, provided that the Canadian Government will similarly recognize the United States Load Line Regulations referred to above.

The Canadian authorities consider that the Load Line Regulations of the United States applicable to ships engaged in making voyages on the Great Lakes (Rules and Regulations Series No. 4, January, 1938, edition) are as effective as the Canadian regulations, "Load Line Rules for Ships Making Voyages on Lakes or Rivers", approved by Order-in-Council of the 6th August, 1937.



The Canadian Government recognize that the United States Load Line Regulations mentioned above are equivalent to the Load Line Rules for ships Making Voyages on Lakes or Rivers approved by Order-in-Council of the 6th August, 1937.

With reference to the last paragraph of your note, the Canadian authorities advise that the Canada Shipping Act, 1934, inasfar as it concerns load lines, does not deal with the sub-division of passenger ships, this question being dealt with under the part of the Act which refers to the construction and inspection of ships. General regulations dealing with the construction and inspection of the hulls of steamships are now under consideration, and the matter of sub-division will be dealt with in them.

The Canadian authorities will not be in a position to have these regulations in force before the end of the season of navigation this year for passenger ships employed on the Great Lakes, plying to United States ports. It is understood, however, that there are few such ships, and that their season of navigation ends not later than the 30th of September.

As most of the passenger ships making voyages on the Great Lakes from Canadian to United States ports are old ships, there is doubt in the minds of the Canadian technical officers as to whether it would be reasonable and practicable to have them comply fully with the sub-division regulations laid down by the United States authorities, which are based, generally, on the International Convention for Safety of Life at Sea. The Canadian authorities would appreciate if information could be obtained as to what action the United States authorities propose to take in the matter of such ships of United States registry.

Accept etc.

O. D. SKELTON for the . . .

376.

*Le chargé d'affaires par intérim des États-Unis  
au secrétaire d'État par intérim aux Affaires extérieures*

*United States Chargé d'Affaires ad intérim  
to Acting Secretary of State for External Affairs*

No. 819

Ottawa, October 22, 1938

Sir,

With reference to Dr. Skelton's note No. 125, dated August 24, 1938, in the matter of load-line regulations applicable to the Great Lakes, I have the honor to inform you that the American authorities have noted that the Canadian Government recognizes that the load-line regulations of the United States applicable to vessels making voyages on the Great Lakes of North America are equivalent to Canadian "Load-line Rules for Ships Making Voyages on Lakes or Rivers", approved by Order-in-Council on the 6th of August, 1937, except as to subdivision load-lines applicable to passenger vessels.

The American authorities have noted also that the Canadian Government will not be in a position to have in force subdivision load-line regulations applicable to vessels of the Great Lakes before the close of navigation this year. In this regard, when the subdivision load-line regulations are issued by the Canadian authorities, the competent American authorities must give consideration to them before accepting them as being equal to the United States subdivision load-line regulations.

The American Government will appreciate, therefore, receiving copies of these subdivision load-line regulations as soon as possible after they are issued.

With regard to the request contained in Dr. Skelton's note under reference for information as to the procedure for marking existing passenger vessels with subdivision load-lines and to what extent such ships are required to comply with the subdivision load-line regulations, the competent American authorities have stated that each existing passenger ship is considered on its merits in relation to its physical compliance with the subdivision load-line requirements. In interpreting the meaning of the words *reasonable* and *practicable*, the decisions of the Department of Commerce have resulted in most cases in a one-compartment standard of subdivision.

The American authorities have directed attention to the following slight difference in the scope of the basic load-line laws of the United States and of Canada: The laws of the United States are more general and probably embrace more vessels; for instance, tug boats do not seem to be required to have load-lines under the Canadian law, but are required to have them under the United States law. In the case of such Canadian vessels which are exempt from Canadian load-line regulations and which visit United States ports, it will satisfy the American load-line authorities if such vessels are marked with load-lines under the Canadian load-line regulations, even though Canadian load-line law would not require them to be marked.

Accept etc.

DAVID MCK. KEY

377.

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

Washington, January 19, 1939

The Secretary of State presents his compliments to the Honourable the Minister of Canada and referring to the Minister's note of October 6, 1938<sup>1</sup> concerning a conference proposed to be held at Washington on November 29 of that year between representatives of the Governments of the United States and Canada to consider the points involved for the settlement of accounts arising from the application of the Lake of the Woods Convention,

<sup>1</sup> Non reproduite/not printed.

has the honor to state that a conference of the nature indicated was held on November 29, 1938, in the office of the Chief of Engineers, United States Army, at Washington, at which representatives of the Canadian Government requested that several items of the expense incurred by the United States be detailed. In response to this request, the Department is in receipt of a communication from the Secretary of War in which the several items are detailed as follows:

1. *Surveys, mapping, engineering and investigations:*
    - a. Rainy River ..... \$22,041.92
    - b. Lake of the Woods:
      - Acquisition of easements ..... \$41,726.64
      - Remedial works ..... 8,867.03

---

 Total, Lake of the Woods ..... 50,593.67
    - c. Total, Lake of the Woods and Rainy River ..... \$72,635.59

Note 1: No remedial or protective works have been placed along the Rainy River at the expense of the Federal Government.
  2. *Administration:*
    - a. Rainy River (See Note 1, above) ..... \$14,364.67
    - b. Lake of the Woods:
      - Acquisition of easements ..... \$115,178.14
      - Remedial works ..... 9,367.16

---

 Total, Lake of the Woods ..... 124,545.30
    - c. Total, Lake of the Woods and Rainy River .... \$138,909.97
  3. *Payments for flowage easements:*
    - a. Rainy River, 263 easement cases ..... \$ 26,349.02
    - b. Lake of the Woods:
      - To land owners ..... \$341,440.51
      - To Chippewa Indian lands .... 7,310.25\*

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 Total, Lake of the Woods ..... 348,750.76
    - c. Total, Lake of the Woods and Rainy River ..... \$375,099.78

\* Authorized by Act of Congress approved April 13, 1938 (Public No. 483).
  4. *Legal expense* ..... \$138,226.83
- It is impracticable to detail this expense. However, it may be stated that no part of this amount is chargeable to remedial works.

With respect to the item "To Chippewa Indian lands... \$7,310.25" appearing in 3(b) of the foregoing quotation, it appears from statements made by the appropriate authority that the reason for the difference between this sum and the sum of \$11,740.25 heretofore given is the fact that upon examination it was found that the Indians had already received compensation for 3,5440.40 [sic] acres of land listed.

378.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 217

Washington, February 16, 1939

Sir,

With reference to your Despatch No. 78 dated February 8, 1939<sup>1</sup> relating to the problems arising in the Souris (Mouse) River watershed I have the honour to transmit herewith copies of an Aide Mémoire which was handed to the Legal Adviser of the State Department today.

2. The Legal Adviser stated upon receiving the Aide Mémoire that he would go into the matter and inform the Legation as to the views of the competent authorities of the United States Government in this case.

I have etc.

HERBERT M. MARLER

[PIÈCE JOINTE/ENCLOSURE]

*Aide Mémoire*<sup>2</sup>

[Washington] February 16, 1939

SOURIS (MOUSE) RIVER WATERSHED

With reference to correspondence exchanged in the course of the last two years between the State Department and the Legation in regard to the problems arising in the Souris (Mouse) River watershed it was most gratifying for the competent Canadian authorities to learn of the evident desire of the United States authorities to cooperate with the Canadian authorities in the solution of this matter.

Due note has indeed been taken of the concluding paragraph of the State Department's note of November 29, 1938, on the subject in which both the Department of Agriculture and the State Department of the United States express their desire for a mutually satisfactory settlement of the various problems connected therewith.

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> La légation aux États-Unis au département d'État des États-Unis.  
 Legation in United States to United States Department of State.

There are three parts of the watershed: the Saskatchewan section, the North Dakota section, and the Manitoba section. An unrestricted utilization of the Saskatchewan section might well exhaust the entire supply of water flowing across the international boundary-line and have a detrimental effect upon conditions in North Dakota. Similarly, an unrestricted utilization in the water of North Dakota, might well deprive Manitoba of all water supply in this River. The experience of the past, and particularly of recent years, indicates that this would not be an improbable result of the unrestricted utilization of storage facilities either existing or now under construction both in Canada and in the United States.

As there seems to be general agreement as to the desirability of working out some mutually satisfactory and fair solution of this problem, it is thought that this might well be found in the formulation of recommendations for apportionment and utilization of waters by an impartial agency. In the opinion of the Canadian Government the most suitable agency to undertake such a task would obviously be the International Joint Commission.

It is thought that the Commission, after making a careful study of the question, could formulate recommendations that would commend themselves to all of the interested parties, both in Canada and the United States. Further, the Commission might well make immediate recommendations to solve emergency problems arising during drought periods.

It is the present intention of the Canadian Government to make a reference to the International Joint Commission of this question, acting under Article IX of the Boundary Waters Treaty. While the terms of this Article contemplate the possibility of a unilateral reference, the two Governments have always endeavoured to make such reference concurrent. This can be done, either by precedent agreement as to the terms of reference, followed by a formal reference by one Government; or by joint action in making provision for reference by both Governments in identical terms; or by a reference by one of the Governments after previous consultation with the other Government, with an indication of a readiness to cooperate, from the other Government.

In this connection a tentative draft of the proposed terms of reference are [*sic*] attached to the present Aide Mémoire. This draft was prepared by the Legal Adviser of the Department of External Affairs in conference with the interested provincial authorities at Winnipeg, Manitoba. It is thought that a reference along these lines would meet the requirements of all the authorities concerned. Any suggestions for revision or for addition by the United States authorities would of course be welcome as it is most important that this proposed enquiry by the Commission should meet the needs of the interested authorities on both sides of the boundary line.

It would, of course, be desirable to get such an enquiry under way, so that the matter could receive preliminary consideration at the meeting of the International Joint Commission in April, and so that joint engineering investigations under the supervision of the Commission could be initiated for

the coming season. It is not contemplated that any engineering enquiries, involving substantial expenditures, would be required. Existing records and data on both sides of the boundary would probably form a suitable basis for a joint engineering study under the Commission.

[ANNEXE À LA PIÈCE JOINTE/SUB-ENCLOSURE]

REVISED DRAFT  
OF  
PROPOSED TERMS OF REFERENCE TO THE  
INTERNATIONAL JOINT COMMISSION RE  
THE SOURIS (MOUSE) RIVER

CONFIDENTIAL

Winnipeg, January 17, 1939

*Question 1*

In order to secure the interests of the inhabitants of Canada and the United States in the Souris (Mouse) River drainage basin, what apportionment should be made of the waters of the Souris (Mouse) River and its tributaries, the waters of which cross the international boundary, to the Province of Saskatchewan, the State of North Dakota, and the Province of Manitoba?

*Question 2*

What methods of control and operation would be feasible and desirable in order to regulate the use and flow of the waters of the Souris (Mouse) River and of the tributaries, the waters of which cross the international boundary, in accordance with the apportionment recommended in the answer to Question 1?

*Question 3*

Pending a final answer to Questions 1 and 2, what interim measures or regime should be adopted to secure the foregoing objects?

[J. E. READ]

379.

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

[Washington] March 27, 1939

Sir,

I have the honor to refer to previous correspondence concerning the settlement of accounts arising from the application of the Lake of the Woods Convention signed February 24, 1925.

In your note of May 2, 1938 you refer to the statement of expenditures incurred by the Government of the United States submitted with the Depart-

ment's note of June 18, 1937, and while taking exception to certain items contained therein accept without question the following:

Village of Warroad Sewer System .....	\$ 4,854.00
Bank Protection at mouth of Warroad River:	
Concrete wall .....	114,519.02
Backfill .....	31,746.47
Bank protection at Blackbird Island (Riprap) ....	3,792.15
Bank protection at American Point (Riprap) .....	2,210.95
	<hr/>
Total .....	\$157,122.59

You state that subject to minor reservations no question can be raised with regard to the amount paid for flowage easements, \$367,789.53.

You take the position, however, that under the first paragraph of Article VIII of the Convention your Government is obligated to bear a share only of the sums actually paid the owners for the flowage easements, and is not obligated to share in the cost incurred by the Government of the United States in determining the amounts due the owners of such easements. In this connection you refer to the following items:

Administration .....	\$138,914.17
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(Note: The correct amount is \$138,909.97)

Legal expenses .....	\$138,226.83
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and state "It is not clear that either of these items comes within the class of undertakings of the United States under Article VIII and particularly of course under the first paragraph of that article". With respect to legal expenses you refer to a provision in paragraph 2 of the Protocol accompanying the Convention that, "should the cost be determined by means of the usual judicial procedure in the United States, the Government of Canada shall be given the privilege of representation by counsel in connection therewith", and state that advantage was taken of this provision and throughout the proceedings counsel for the Canadian Government cooperated with the attorney representing the Government of the United States and that by agreement between counsel the Canadian representative was not present at all of the trials, but participated in the preparation for the trials, assisted in certain of the trials, and participated in all of the appeals. While indicating that the Canadian legal expenses were of course appreciably less than those of the Government of the United States, you add that, nevertheless, they were a very substantial sum. You also raise a question concerning the item

Surveys, mapping, engineering studies and investigations	\$72,635.59.
--	--------------

This Government is unable to concur in the position taken by you in questioning certain of the items embodied in this Government's statement. Article X of the Convention not only refers to the undertakings of the Government of the United States as set forth in Article VIII but also stipulates that should the sum of \$275,000 paid by the Government of Canada "prove insufficient to cover the cost of such undertakings, one-half of the excess of

such cost over the said sum shall, . . . [sic] be paid by the Government of Canada". The undertaking of Canada in this connection is to pay half of the excess cost to the United States of the undertakings, including the costs of the undertakings embodied in the second paragraph of Article VIII, as well as the costs of the undertaking embodied in the first paragraph of that Article, that is not only the amount paid the owners of the flowage easements, but also the expense to which the Government of the United States was put in determining these amounts.

As you are aware, on the basis of the original awards made to owners of certain flowage easements the amounts which would have been payable to the owners would have been far in excess of those anticipated. Consequently, in agreement with the Canadian Government, this Government proceeded, at heavy expense, to litigation which resulted in a material reduction in the total amount allowed the owners, and hence in the amount to be borne by the Government of Canada on account of its share therein.

It was found possible to utilize the regular personnel of this Government only to a limited extent. A special organization was set up in connection with the acquisition of flowage easements and it was also found necessary to retain special legal counsel to conduct the litigation.

In your note of May 2, 1938 you express the view that more progress could be made in determining what portion of the account is chargeable to Canada under the Convention if arrangements were made for a discussion between the appropriate officials of the two Governments concerned. Thereafter a conference was held on November 29, 1938 in the office of the Chief of Engineers, United States Army, at Washington, between the Acting Chief of Engineers and other officials of this Government, and Mr. John E. Read, Legal Adviser, Department of External Affairs of Canada, and other Canadian officials. At this conference Mr. Read orally explained the views of the Canadian Government substantially as set forth in paragraphs 5 to 14 inclusive of your note of May 2, 1938, and requested that the several items of expense incurred by the United States be detailed. The Department's note to you of January 19, 1939 contained the detailed statement requested.

Subsequently on January 30, last, a conference on the matter was held at Washington between Mr. Hackworth, Legal Adviser of the Department of State, and Mr. Read, at which the latter admitted the obligation of the Canadian Government under the Convention to share one-half of the expenses in excess of the sum of \$275,000.00 already contributed by that Government, with respect to the five items already enumerated, accepted in your note of May 2 last,

totaling .....\$157,122.59

and also with respect to the following items:

Surveys, mapping, engineering and investigations:

Remedial works, Lake of the Woods: ..... 8,867.03

Administration:

Lake of the Woods remedial works: ..... 9,367.16



## Payments for flowage easements:

Lake of the Woods:		
To land owners .....	\$341,440.51	
To Chippewa Indian lands .....	7,310.25	348,750.76
Total of accepted items .....		\$524,107.54
Less sum already paid by Canada .....		275,000.00
Balance admitted to be shared by		
the Government of Canada .....		249,107.54
Government of Canada's share in above .....		\$123,553.77

Mr. Read, however, expressed the view that the Canadian Government was not liable under the Convention to share in the following items of expense embodied in the statement submitted with the Department's note of January 19, last:

1. <i>Surveys, mapping, engineering and investigations:</i>		
a. Rainy River .....		\$ 22,041.92
b. Lake of the Woods: Acquisition of easements ....		41,726.64
2. <i>Administration:</i>		
a. Rainy River .....		14,364.67
b. Lake of the Woods: Acquisition of easements ....		115,178.14
3. <i>Payments for flowage easements:</i>		
a. Rainy River, 263 easement cases .....		26,349.02
4. <i>Legal expense</i> .....		138,226.83
Total of disputed items .....		\$357,887.22

At the conference on January 30, last, Mr. Read, taking the position that the second paragraph of Article VIII of the Convention does not provide for the acquisition of easements on the Rainy River, questioned the item of \$26,349.02 paid for flowage easements on that River, as well as the items \$14,364.67 and \$22,041.92 expended, respectively, for administration and for surveys, mapping, engineering and investigations in connection with Rainy River. While it is true that the second paragraph of Article VIII of the Convention does not specifically mention the acquisition of flowage easements along Rainy River, it is believed such easements can reasonably be considered as coming within the scope of Article VIII. It may be pointed out in this connection that the written proposal of June 18, 1936 for the settlement of all unsettled cases in the Lake of the Woods litigation, submitted by Mr. C. U. Landrum, Assistant United States Attorney, Major A. B. Jones, Corps of Engineers, United States Army, and Mr. Donald D. Harries, acting for the Dominion of Canada, to Mr. I. K. Lewis, chief counsel for the landowners, and accepted by him on June 19, 1936 contained, among others, items for the acquisition of, and payment for, outstanding flowage easements on the Rainy River. This proposal was sub-

mitted by Mr. Harries to his Government for approval and the Attorney General of the United States received a telegram from counsel for the Government of Canada reading as follows:

Reference Lake of Woods flowage easement cases your letter June Sixteenth to Landrum Stop Proposal for settlement set forth in letter to Landrum Jones and Harries to Lewis June Eighteenth and accepted by Lewis in letter June Nineteenth has been considered Stop I am authorized to concur in proposal on behalf of Government of Canada.

It thus appears that the Government of Canada assented to the acquisition of flowage easements along the Rainy River.

In view of the divergence of views of the two Governments with respect to the disputed items totaling \$357,887.22, it was agreed between Messrs. Hackworth and Read, subject to the approval of their Governments that as a compromise and in order to reach a final adjustment of the matter, the Government of Canada instead of paying one-half of the amount in dispute, or \$178,943.61 should pay 50 percent of the latter amount, or \$89,471.80, in addition to the sum of \$124,553.77, Canada's share in the unquestioned items of expense, making the total amount to be borne by Canada, \$214,025.57.

The Government of the United States, without prejudice to its position, but in order to reach an adjustment of the matter, is prepared to concur in the tentative agreement reached by Messrs. Hackworth and Read, and to accept in final settlement of the amount to be paid by the Government of Canada under Articles VIII and X of the Convention the sum of \$214,025.57.

Accept etc.

R. WALTON MOORE for the . . .

380.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 581

Washington, April 12, 1939

Sir,

With reference to your despatch No. 78 of February 8th concerning the problems arising in the Souris River (Mouse River watershed), I have the honour to transmit a copy of a memorandum received today from the State Department agreeing to your proposal that this question be referred to the International Joint Commission.

2. It will be observed that they suggest that a preliminary study should first be made by engineers representing the provinces and state concerned and the Biological Survey.

I have etc.

W. A. RIDDELL for the . . .

[PIÈCE JOINTE/ENCLOSURE]

*Memorandum*<sup>1</sup>*Mémorandum*<sup>1</sup>

Washington, April 12, 1939

Reference is made to the *aide mémoire* of the Canadian Legation of February 16, 1939 in further relation to the interest of the Canadian Government in the Souris (Mouse) River watershed and its desire that the matter be referred to the International Joint Commission and receive preliminary consideration at the meeting in April. Reference is also made to the Department's two memoranda<sup>2</sup> of February 24 and March 18, respectively, on the subject.

A letter has been received from the Department of Agriculture the pertinent portion of which reads as follows:

After further investigation and careful consideration of this matter it will be entirely satisfactory to this Department to submit it to the International Joint Commission upon the terms and conditions outlined in the revised draft of proposed terms and reference to the Commission enclosed with the *aide mémoire* of the Canadian Legation. We would suggest, however, that it would be of advantage to both countries if a preliminary study could first be made by engineers representing Saskatchewan, Manitoba, North Dakota and the Biological Survey in order that when the matter is officially presented to the International Joint Commission it might have the benefit of the report of the operating engineers who have already made considerable study of the situation on the ground.

This Department will hold itself in readiness to continue cooperation with the authorities of all agencies concerned in the studies and investigations that will be required to gather and compile the necessary data on which to arrive at a satisfactory solution of the problems involved.

381.

*Le ministre des États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*United States Minister to Under-Secretary of State  
for External Affairs*

Ottawa, June 9, 1939

My dear Dr. Skelton,

In a confidential letter addressed to the Secretary of State on January 31, 1939, Admiral Leahy, the Acting Secretary of the Navy, raised certain questions regarding the Rush-Bagot Agreement of 1817. Among other things, Admiral Leahy requested the views of Mr. Hull concerning the mounting of two 4-inch guns on each of the American naval vessels on the Great Lakes, to be used in firing target practice in connection with the training of

<sup>1</sup> Le département d'État des États-Unis à la légation aux États-Unis.  
United States Department of State to Legation in United States.

<sup>2</sup> Non reproduits/not printed.

naval reserves. He inquired, if this was considered improper, concerning the possibility of modifying the Rush-Bagot Agreement to permit this practice. The question was subsequently the subject of informal conversations between officers of our State and Navy Departments.

After careful consideration of the problem, Mr. Hull is inclined to the opinion that a modification of the Rush-Bagot Agreement would be undesirable at this time. It is clear from a study of the documents relating to the negotiation of the Agreement and its early history that the objective of the negotiators was to provide a solution of an immediate and urgent problem arising out of the war of 1812 and the terms of the Agreement themselves support the view that its indefinite continuation in force was not anticipated. Consequently, from a naval standpoint, its provisions have long been out of date, but in spite of numerous vicissitudes the Agreement itself has survived unchanged for more than one hundred and twenty years and, with the passage of time, has assumed a symbolic importance in the eyes of our own and Canadian citizens. It is true that shortly after the World War modification of the Agreement was studied in this country and in Canada, with a view to making its provisions conform more closely to modern conditions, and a stage was even reached where the Governments exchanged drafts of suggested changes. The proposed changes were never actually agreed upon, however, and Mr. Hull is inclined to think that the two Governments were wise to allow the matter to fall into abeyance, since it is highly debatable whether the realization of their limited objectives would have compensated for the disappearance of the 1817 Agreement as a symbol of the friendly relations between the two countries for over a century.

It was perhaps inevitable that an agreement, the technical provisions of which became obsolete more than half a century ago, should from time to time have been subjected to what may have been considered technical violations by both parties, and of such instances there is a clear record. We believe it can be successfully maintained, however, that without a degree of tolerance the Agreement could scarcely have survived to the present day in its original form. But it is a fact of equal significance that even when the two Governments felt compelled to depart from a strict observance of its terms they were concerned that the spirit underlying it should be preserved.

I understand from information furnished by our Navy Department that the following five vessels of the United States Navy are now serving on the Great Lakes:

<i>Ship</i>	<i>Launched</i>	<i>Present Location</i>	<i>Displacement</i>	<i>Battery</i>
DUBUQUE	1905	Detroit	1085	None
HAWK	1891	Michigan City	375	None
PADUCAH	1905	Duluth	1085	None
WILMINGTON	1897	Toledo	1392	None
WILMETTE	1903	Chicago	2600	4-4"/50 2-3"/50 A.A. 2-1 pdr.

In a number of respects the presence there of these vessels may not be considered entirely in keeping with a literal interpretation of the Rush-Bagot Agreement. On the other hand, it seems proper to take into account the fact that the vessels of our Navy now on the Great Lakes are there with the knowledge of the Canadian Government, written permission having been obtained for the passage of four of them through the Canadian canals en route to their stations. The case of the *Wilmette* is somewhat different, this vessel having been constructed on the lakes as a commercial vessel and subsequently taken over by our Navy during the World War.

In considering the number and size, disposition, functions and armaments of naval vessels in relation to the provisions of the Rush-Bagot Agreement, it is Mr. Hull's view, with which I feel sure you will agree, that the primary concern of both Governments is to maintain at all costs the spirit which underlies that Agreement and which is representative of the feelings of the Canadian and American people toward each other. With that clear objective in mind, Mr. Hull wishes me to make the following observations.

(1) *Number and size of vessels.* As indicated above, the United States Navy now has five vessels, all "unclassified", on the Great Lakes. In the discussion of this problem between officials of the State and Navy Departments, the fact was brought out that approximately one third of the national naval reserve personnel in the United States is concentrated in the region of which Chicago is the center. The need for adequate training of this personnel is clear and I am given to understand that even with our present five vessels on the Great Lakes our facilities are strained. A possible alternative would be to transport these reserves to the Atlantic Coast every summer for the customary two weeks' training period, but I am told that the cost of so transporting even a small fraction of these reserves would in all probability be prohibitive. In the circumstances and in view of the fact that these five vessels have been maintained on the Great Lakes since the war without objection on the part of the Canadian Government, Mr. Hull is inclined to think that the withdrawal of one of them would not be necessary.

Mr. Hull would be reluctant, however, to see American vessels on the Great Lakes increased beyond the present number, omitting from this calculation vessels which are "retained immobile" and used solely as floating barracks for naval reserves. The Canadian Government has in the past given permission for vessels of the latter category to be maintained on the Great Lakes and, it is hoped, would give sympathetic consideration to any similar requests which might be made in the future.

It is my understanding that the *Sacramento*, a vessel of 1,140 tons launched in 1914 and similar in size and type to vessels already on the Great Lakes, is now returning from China, her usefulness as an active naval vessel in regular commission having passed. I am informed that the Navy Department will probably wish this vessel to take the place of the *Hawk*, but that this will not

involve an increase in the number of our naval vessels on the lakes. A formal request of your Government for permission for this vessel to proceed to the Great Lakes through Canadian waters will be made in due course.

With regard to the size of these vessels, it has been noted that all are of more than one hundred tons burden, the limit imposed by the Agreement. The change from wood to steel around the middle of the last century, along with other factors, contributed toward rendering this part of the Agreement obsolete. To our knowledge no objection has been taken by the Canadian Government to the presence on the Great Lakes of naval vessels of more than one hundred tons burden and there would be no inclination to question the maintenance by Canada of vessels similar to ours now operating there. It appears to have been the practice of our Navy Department for many years to station on the Great Lakes only "unclassified" vessels that have long since outlived their usefulness in terms of modern warfare and that have a draft of not more than fourteen feet. I understand that these vessels have and could have no use except to provide elementary training for naval reserves. Mr. Hull believes that it would be desirable to continue this policy, which goes beyond the objectives of the 1817 Agreement, but which is so clearly in keeping with the present temper of public opinion. He is so informing the Navy Department.

(2) *Disposition of Vessels.* At the time the Rush-Bagot Agreement was negotiated the Great Lakes were independent inland waters with no navigable connection between them and the ocean or, in most cases, between the lakes themselves. This geographical fact was no doubt largely responsible for the provision of the Agreement which allotted one vessel to Lake Champlain, one to Lake Ontario and two to the so-called "Upper Lakes". That situation, of course, no longer exists, and Mr. Hull would not regard it as unreasonable or contrary to the spirit of the Rush-Bagot Agreement to have the naval vessels of each party move freely in the Great Lakes basin or to "maintain" them at any port or ports in the Lakes. Were the Canadian Government to act in accordance with such an interpretation, it is certain that no objection would be taken.

(3) *Functions of the Vessels.* In his letter of January 31, last, Admiral Leahy inquired whether the firing of target practice on the Great Lakes was consistent with the Provisions of the Rush-Bagot Agreement. Since the Agreement is silent with respect to the functions of the naval vessels maintained by the two parties on the Great Lakes, other than to state that the naval force of each party is to be restricted to such services as will in no respect interfere with the proper duties of the armed vessels of the other party, it is clearly within the letter as well as the spirit of the Agreement for the naval vessels of both parties to be employed in the training of naval reserves or in any other normal activity, including the firing of target practice, within their respective territorial waters. Mr. Hull is so informing the Navy Department.

(4) *Armaments.* In Admiral Leahy's letter, the hope was expressed that the Rush-Bagot Agreement might be modified so as to permit each of our naval vessels to carry not over two 4-inch guns.

The Agreement itself provides that each of the naval vessels maintained by each Government may carry one 18-pound cannon. It is my understanding that the shell for a 3-inch gun weighs approximately fourteen pounds and the shell for a 4-inch gun approximately thirty pounds. It would therefore be within the scope of the Agreement for each of the naval vessels in question to carry one 3-inch gun. In the discussions between officers of the State and Navy Departments, however, it was brought out that since the 4-inch gun is now what is considered "standard equipment", whereas the 3-inch gun is not, the use of the former is much more desirable from the point of view of giving adequate training to our naval reserves.

After careful consideration of this problem, Mr. Hull is of the opinion that the following proposal would be in harmony with the spirit of the Rush-Bagot Agreement; namely, the placing of two 4-inch guns on each of three naval vessels on the Great Lakes, and the removal of all other armaments, subject to certain conditions. These are that the firing of target practice be confined to the territorial waters of the United States, and that the 4-inch guns be dismantled except in the summer season during the period of the training of naval reserves.

There remains a question which is of definite interest to both Governments, namely, the construction of naval vessels in shipyards situated on the Great Lakes. The State Department has recently received renewed inquiries on this question.

The Rush-Bagot Agreement, after providing for the maintenance of four naval vessels of each party on the Great Lakes, stipulated that

All other armed vessels on those lakes shall be forthwith dismantled and no other vessels of war shall be there built or armed.

The provision just quoted should, Mr. Hull believes, be read in the light of the geographical factor to which reference has already been made. At a time when there was no navigable connection between the Great Lakes and the Atlantic Ocean, it was obvious that naval vessels constructed on the lakes could only be intended for use in those waters. Mr. Hull is satisfied that it was this contingency alone which the contracting parties wished to guard against, for no evidence whatever exists to suggest that either party at any time considered that the Agreement should affect the naval forces of the two countries outside the Great Lakes area.

In the circumstances, Mr. Hull believes that it would be entirely in harmony with the intent of the negotiators and the spirit of the Agreement for either country to permit naval vessels, unquestionably intended for tidewater service only, to be constructed in shipyards situated on the Great Lakes. In order carefully to preserve the intent of the Agreement, however, it is believed that prior to the commencement of construction each Government should pro-

vide the other with full information concerning any naval vessels to be constructed at Great Lake ports; that such vessels should immediately be removed from the lakes upon their completion; and that no armaments whatever should be installed until the vessels reach the seaboard.

I shall be happy to receive for Mr. Hull's informal and confidential information any observations which you may wish to make with regard to the questions touched on in this letter.

Sincerely yours,

DANIEL C. ROPER

382.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre des États-Unis*

*Under-Secretary of State for External Affairs  
to United States Minister*

Ottawa, June 10, 1939

My dear Mr. Roper,

I have consulted the Acting Prime Minister and Secretary of State for External Affairs and the Department of National Defence concerning your informal letter of June 9th, 1939, which conveys the observations of the Secretary of State of the United States upon certain questions raised by the United States Navy Department regarding the Rush-Bagot Agreement of 1817.

The Canadian Government concur fully in the desirability of preserving this long-standing Agreement which has been of such inestimable value in furthering the ideals of good neighbourhood in this region of the world. It is also recognised that the great changes in technical, industrial, water transport and population conditions which have occurred in the meantime, while in no sense altering the desire of both peoples to maintain the underlying spirit and objective of the Agreement, have rendered its technical scheme and definitions somewhat out of date. It might be urged that the logical method of dealing with the changed situation would be the conclusion of some formal revision of the Agreement, but it is further recognised that the drafting of a new document which would cover present and future considerations of interest to both countries might present difficulties at the present time, and it is noted that Mr. Hull is inclined to the opinion that this would be undesirable.

If formal revision is, as we agree, impracticable, it is nevertheless recognised that there are certain measures which are mutually considered to be practically necessary or desirable and, at the same time, to be consistent with the underlying objective of the Agreement though not strictly consistent with its technical scheme or definitions. In the case of various instances of this character which have occurred in the past, the two Governments have consulted and made appropriate dispositions by means of correspondence. It is felt that such procedure, which appears to be essentially inherent in the



underlying spirit and objective, should be pursued as regards any new practical measures concerning naval vessels on the Great Lakes which may be contemplated at the present moment or in the future.

In the light of these general considerations it will be convenient to give you the views of the Canadian Government regarding the particular measures which your Government now consider desirable and which have been described in your letter under separate headings.

(1) *Number and size of vessels.* I note that there is no proposal to increase the present number of United States naval vessels on the Great Lakes. As regards the proposed substitution of the HAWK, which is now on the Lakes, by another vessel, the SACRAMENTO, it is noted also that a formal request of the Canadian Government for permission for the latter vessel to proceed into the Great Lakes through Canadian waters will be made in due course. The Canadian authorities will be agreeable to this substitution, and I assume that at the time particular information will be given as to the disposition of the HAWK as well as a description of the SACRAMENTO and the purpose of the substitution.

(2) *Disposition of Vessels.* It is recognised, for the reasons indicated in your letter, that it would be consistent with the underlying purpose of the Agreement to have the naval vessels of each party move freely in the Great Lakes or to maintain them at any of its ports in the Lakes.

(3) *Functions of the Vessels.* The Rush-Bagot Agreement, as your letter points out, is silent with respect to the functions of the naval vessels maintained by the two parties on the Great Lakes other than to state that the naval force of each party is to be restricted to such services as will in no respect interfere with the proper duties of the armed vessels of the other party. The Canadian Government accordingly recognise that it is within the letter as well as the spirit of the Agreement for such naval vessels of both parties to be employed in the training of naval reserves, or in any other normal activity, including the firing of target practice, within their respective territorial waters.

(4) *Armaments.* It appears that in view of present-day technical conditions, the United States naval authorities regard 3-inch guns as no longer adequate for the purpose of training naval reserves, whereas 4-inch guns, though not strictly within the technical definition of the Agreement, would be suitable for that purpose. Accordingly Mr. Hull suggests the following proposal as being in harmony with the spirit of the Agreement, namely, the placing of two 4-inch guns on each of three of the United States naval vessels on the Great Lakes and the removal of all other armaments, subject to certain conditions. These conditions are that the firing of target practice be confined to the territorial waters of the United States and that the 4-inch guns be dismantled except in the summer season during the period of the training of naval reserves. The Canadian naval authorities concur in the view of the

United States naval authorities above indicated, and the Canadian Government agree that Mr. Hull's proposal is consistent with the underlying purpose and spirit of the Agreement. It is assumed that in due course the Canadian Government will be informed of the names of the vessels upon which the 4-inch guns have been placed. It is also assumed that, should any alteration as regards armament take place in any of the five vessels in the future, particulars will be furnished.

A further particular question is raised by your letter, namely, the construction of naval vessels in shipyards situated on the Great Lakes. Careful consideration has been given to Mr. Hull's observations regarding the changes in actual conditions that have occurred in this regard during the past century, and to the suggestion he has made in order to preserve the intent of the Agreement. The suggestion is that prior to the commencement of construction, each Government should provide the other with full information concerning any naval vessels to be constructed at Great Lakes ports; that such vessels should immediately be removed from the Lakes upon their completion; and that no armaments whatever should be installed until the vessels reach the seaboard. The Canadian Government appreciate the force of Mr. Hull's observations, and they agree that his particular suggestion would be consistent with the underlying objective of the Agreement. They would understand that in the case of each vessel so constructed, when the time came for her removal to the seaboard, the Government concerned would make the usual request through diplomatic channels for permission to pass through the other party's waters.

As regards all these matters and particular measures, the Canadian Government assume it would be understood that the foregoing observations and understandings, so far as they have been expressed only with relation to United States naval vessels maintained on the Great Lakes or to naval vessels to be constructed in United States shipyards there, will apply equally to the case of any Canadian naval vessels that may be maintained on the Great Lakes or of naval vessels to be constructed in Canadian shipyards there.

Yours sincerely,

O. D. SKELTON

383.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires aux États-Unis  
Secretary of State for External Affairs  
to Chargé d'Affaires in United States*

DESPATCH 376

Ottawa, July 3, 1939

Sir,

I have the honour to refer to your despatch No. 581, dated the 12th April, 1939, in which you transmitted a copy of a memorandum of the same date

received from the State Department and dealing with the question of the proposed Reference of the Souris (Mouse) River problem to the International Joint Commission.

I should be obliged if you would bring to the attention of the appropriate authorities in the United States, the views of the Canadian Government with regard to the suggestions made in the Memorandum.

The Government is gratified to note that it will be entirely satisfactory to the interested Departments of the Government of the United States to submit the Souris (Mouse) River problem to the International Joint Commission, upon the terms and conditions outlined in the Canadian Legation's Aide Mémoire, dated the 16th February, 1939.

The Canadian Government has given consideration to the suggestion of the Department of Agriculture that it would be of advantage to both countries if a preliminary study could first be made by the engineers representing Saskatchewan, Manitoba, North Dakota, and the Biological Survey, in order that, when the matter is officially presented, the International Joint Commission might have the benefit of the report of the operating engineers who have already made considerable study of the situation on the ground.

The value of such a dispassionate co-operative study of the problem by the engineers concerned with the actual working out of the projects in the different parts of the watershed is fully appreciated. The only possible objection would relate to the delay that might be involved.

It is thought that the Canadian Government's apprehension as to the effect of the possible delay will be shared by the Government of the United States. It is desirable to secure, without delay, some international assurance to the people of Manitoba, that a reasonable proportion of the natural flow of the Souris River entering that Province will be made more dependable and a similar assurance to the people of North Dakota that a reasonable proportion of the natural flow entering the State from Saskatchewan, will likewise be secured.

The established procedure followed by the International Joint Commission would make it possible to provide for the submission of studies from engineers representing the existing State and Federal authorities. Further, the Commission could, in accordance with the practice followed in other instances, provide for a preliminary survey of the situation based upon the co-operative and co-ordinated studies of the State, Provincial and Federal operating engineers who were already familiar with the various aspects of the problem.

It is thought that the suggestions made by the Department of Agriculture could effectively be secured by making an immediate Reference, investing the Commission with jurisdiction upon the terms and conditions outlined in the Canadian Legation's Aide Mémoire dated the 16th February, 1939, and by bringing to the attention of the Commission, *at the end of and as a part of the terms of Reference*, a statement along the following lines:

Having in mind certain suggestions with respect to a joint study of this problem, brought forward by the Department of Agriculture of the United States, it is

suggested that, in answering the above questions, early provision be made by the Commission for a co-operative and co-ordinated joint study of this problem by Canadian and United States engineers who have been interested and are familiar with the problem on both sides of the border.

It is further suggested that such study be made under the direction or supervision of engineers to be selected by the two Federal Governments concerned, from their respective public services.

I should be grateful if you would discuss this matter with the appropriate authorities. Assuming that the course suggested meets the position taken by the Department of Agriculture and that it is approved by the State Department, it will be necessary to proceed, immediately, with the Reference to the Commission. If you will refer to the Aide Mémoire dated the 16th February, 1939, presented by you to the State Department, and particularly to the sixth paragraph, you will find a discussion of the three different types of references. In the circumstances, as they have developed, I should be inclined to think that either of the two last courses would be satisfactory. It would be possible for both Governments to make a reference, in identical terms; or for the Canadian Government to make a reference to the Commission with an indication that there had been a consultation with the Government of the United States and that the latter Government was ready to co-operate. In discussing the matter with the State Department you might find out which of these two courses would be preferred.

I have etc.

O. D. SKELTON for the . . .

384.

*Le chargé d'affaires par intérim aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires ad interim in United States to Secretary of State  
for External Affairs*

DESPATCH 1256

Washington, July 7, 1939

Sir,

With reference to your despatch No. 376 of July 3rd, 1939, with regard to the question of the proposed reference of the Souris (Mouse) River problem to the International Joint Commission, I have the honour to inform you that this morning I presented an aide mémoire (copy<sup>1</sup> of which is attached) to Mr. Hackworth, Legal Adviser in the Department of State.

2. After reading the memorandum the first reaction of Mr. Hackworth seemed to be that little progress could be made before the experts' report was available and that unnecessary expense would be incurred by a meeting of the International Joint Commission in the vicinity of the Souris (Mouse) River

<sup>1</sup> Non reproduite/not printed.

as they could only meet and, not having a technical report, adjourn. I pointed out to him that the great advantage of having the Commission meet was that they would at once request the two Governments to institute a preliminary enquiry and we were much more likely to obtain action under the procedure suggested. I recalled that I had consulted officials in the United States Department of Agriculture and the Biological Survey last year and that we were still without a report from them, and added that the Province of Manitoba which appeared now to be the chief sufferer from the policy of damming up the river in Saskatchewan and North Dakota was naturally anxious that some satisfactory working arrangement might be arrived at.

3. Whether or not he appreciated these arguments he said that he was agreeable to the conference being held as outlined in the aide mémoire and that he would take the matter up at once with the Department of Agriculture as he wished to have its cooperation.

4. While he did not commit himself regarding the form which the terms of reference to the International Joint Commission should take, I gathered that either of the last two courses proposed in your despatch would be satisfactory.

I have etc.

W. A. RIDDELL

385.

*Le chargé d'affaires par intérim aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires ad interim in United States to Secretary of State  
for External Affairs*

DESPATCH 1619

Washington, September 1, 1939

Sir,

With reference to my despatch No. 1256 of July 7th with regard to the question of the proposed reference of the Souris (Mouse) River problem to the International Joint Commission, I have the honour to enclose three copies of a note received from the State Department on August 29th in reply to my memorandum of July 6th to Mr. Hackworth, Legal Adviser to the State Department.

2. It will be observed that the Department of the Interior to whom an appropriate inquiry was addressed based on the Legation's memorandum, states that it would like a group of engineers thoroughly familiar with the various aspects of the problem to be selected to collaborate and submit their recommendations to the International Joint Commission. The names of the United States engineers recommended are listed in the note. The procedure recommended by the Department of the Interior meets with the approval of

the Department of State, and if the proposal is acceptable to the Canadian Government the Secretary of State would be glad to be informed of the names of the engineers who will represent the Canadian Government.

I have etc.

W. A. RIDDELL

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État des États-Unis  
au chargé d'affaires par intérim aux États-Unis*  
*United States Secretary of State  
to Chargé d'Affaires ad interim in United States*

Washington, August 29, 1939

The Secretary of State presents his compliments to the Chargé d'Affaires ad interim of Canada and refers to the Legation's memorandum dated July 6, 1939 and to the note of the Department of State of August 7<sup>1</sup> concerning the proposed Reference of the Souris (Mouse) River problem to the International Joint Commission.

A letter has now been received from the Department of the Interior in which reference is made to the opinion expressed by the Legation that an immediate Reference should be made to the Commission named for investigation upon the terms and conditions outlined in the Legation's *aide-mémoire* dated February 16, 1939, with an additional statement requiring a cooperative and coordinated joint study of the problem by Canadian and American engineers who have been interested in and are familiar with the problem on both sides of the border.

The Department of the Interior states that it would prefer that a group of engineers thoroughly familiar with the various aspects of the problem be selected to collaborate and submit their recommendations to the International Joint Commission. It is stated further that, if this course of action is agreeable to the Department of State and to the Canadian Government, the following named engineers are recommended to represent the Government of the United States and the State of North Dakota:

Mr. S. H. McCrory, Assistant Chief, Bureau of Agricultural Chemistry and Engineering, United States Department of Agriculture.

Mr. Brice McBride, Hydraulic Engineer, Bureau of Biological Survey, United States Department of the Interior.

Mr. E. J. Thomas, State Engineer of North Dakota, State House, Bismarck, North Dakota.

The procedure recommended by the Department of the Interior meets with the approval of the Department of State. The Secretary of State will be glad

<sup>1</sup> Non reproduite/not printed.

to learn whether the proposal is acceptable to the Canadian Government and, if so, to be informed of the names of the engineers who will represent that Government.

386.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires des États-Unis*

*Secretary of State for External Affairs  
to United States Chargé d'Affaires*

No. 185

Ottawa, September 2, 1939

Sir,

With reference to the despatch No. 819 of the 22nd October, 1938, from the United States Chargé d'Affaires at Ottawa, and previous correspondence, in the matter of Load Line Regulations applicable to the Great Lakes, I have the honour to state that, by Order-in-Council of the 7th July, 1939, P.C. 1790, certain regulations relating to sub-division have been made, bearing the title "Regulations respecting the Sub-Division and Pumping Arrangements of Passenger Steamships employed making Inland Voyages between Canada and the United States of America".

These regulations were published in the "Canada Gazette" of the 12th August, 1939, and I enclose herewith a copy of the "Gazette", so that the competent authorities of the United States Government may be in a position to give consideration to the acceptance of those regulations as being equal to the United States Sub-Division Load Line Regulations.

Accept etc.

O. D. SKELTON for the . . .

PARTIE 2/PART 2

PÊCHERIES

FISHERIES

387.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures  
United States Minister to Secretary of State for External Affairs*

No. 158

Ottawa, March 11, 1936

Sir,

On January 23, 1936, the International Fisheries Commission, established by the Convention between the United States and Canada for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, submitted a report to the Department of State proposing a revision of the

Convention which is now in force. It is understood that all the commissioners of the International Fisheries Commission believe that the proposed revision is necessary and urgent.

The proposed revised convention differs from the one now in force in two principal regards. The first is a provision in Article I that halibut taken incidental to fishing for other species of fish may be retained and sold. The other principal change is to provide, under Article III, a better means of closing the fishing season by setting a date of last clearance for the Banks rather than a date for the cessation of fishing. Both of these proposed changes have originated with the fishing fleet as being desirable to facilitate their operations and enforcement of the law. There are certain other changes in the proposed convention which are required by the insertion of the above-mentioned new provisions or which have been made in the interest of clarifying the meaning of provisions which are contained in the present Convention . . . .

Accordingly, under instructions from my Government, I have the honor to enclose a draft<sup>1</sup> of a new halibut convention between the United States and Canada, for the consideration of the authorities of your Government. My Government, of course, reserves the privilege of making suggestions for changes therein, while the Canadian Government has it under consideration. It is hoped that the Canadian Government will be in a position to give the enclosed draft prompt attention and that the Convention may be agreed upon and signed in the near future so that it may be transmitted to the Senate during the present session for its advice and consent to ratification.

I avail etc.

NORMAN ARMOUR

388.

*Mémemorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

April 22, 1936

RE: REVISION OF HALIBUT CONVENTION OF MAY 19TH, 1930.

The United States Minister's note of March 11th, No. 158, submits a draft of a new Halibut Convention (with explanatory memorandum<sup>1</sup>), and asks that it may be signed in the near future so that it may be submitted to the United States Senate during its present session.

The Minister of Fisheries agrees. (See Dr. Found's letter of April 18th.<sup>1</sup>) The proposed amendments, as Dr. Found points out, have been unanimously recommended by the International Fisheries Commission in their report submitted to the two governments. The Commission say the revision is urgent.

<sup>1</sup> Non reproduits/not printed.

<sup>2</sup> L. C. Christie à/to O. D. Skelton.



The United States Department of Commerce also agree, according to Mr. Armour's note.

The enclosed revisions are fully explained in the memorandum submitted by Mr. Armour, which consists of a statement taken from the report of the Commission. A copy of the memorandum and of the draft of the new Convention are attached hereto.

There are two principal amendments. The first one will enable fishermen to retain and sell Halibut caught incidentally to fishing for other species of fish in an area or at a time closed to halibut fishing. Under the 1930 Convention such halibut may be retained only for use as food for the crew of the fishing vessel, and any portion not so used must be surrendered to Government officers for sale for the benefit of the respective national treasuries. Experience has shown that this provision is unworkable and that it encourages dishonesty.

The second principal amendment improves the method by which the fishing season is to be closed each year. Under the 1930 Convention the Commission announces the date when fishing shall cease. This forces each captain to judge how much time he must allow himself to get his catch before the season closes. If he misjudges or encounters bad weather, he must suffer the loss of returning with less than a full catch. This has led to many violations difficult to detect, since the vessels naturally keep on fishing long enough to make a full catch, and it is difficult to patrol adequately a broken coast of over 2,000 miles. The amendment will enable the Commission to fix a date for the last departure for the fishing grounds. This can be forecast approximately and warning given so that all may have equal opportunity to adapt their movements to it.

There are several minor consequential amendments, and Mr. Armour's note proposes a few slight textual changes.

389.

*Le secrétaire d'État aux Affaires extérieures au ministre des États-Unis*  
*Secretary of State for External Affairs to United States Minister*

No. 53

Ottawa, May 13, 1936

Sir,

I have the honour to refer to your note of March 11th, No. 158, with which you submitted, for the consideration of the Canadian Government, a draft—with an explanatory memorandum—of a proposed new convention between Canada and the United States for the preservation of the halibut fishery of the northern Pacific Ocean and Bering Sea, as well as to your further note of May 11th, No. 196,<sup>1</sup> on the same subject.

<sup>1</sup> Non reproduite/not printed.

As you show, the International Fisheries Commission, in its 1936 Report, has recommended a revision of the existing Halibut Convention of 1930 in the sense you describe, and your draft, which contemplates the replacement of the 1930 Convention, is based on the text of a draft prepared by the Commission.

The Canadian Government have considered the Report of the Commission as well as your memorandum, which as you indicate follows that Report. They view with favour the revisions recommended by the Commission as being calculated to promote the better administration of the underlying purpose of the original Convention, and to secure better co-operation from the fishing fleets to that end. As regards the text of your draft, consideration is being given to the further suggestion made in your note of May 11th, and the Canadian Government on their part would probably have several alterations of a formal nature to propose.

In view of the urgency attached to the case by the International Fisheries Commission and of your representations in that regard, the Canadian Government would like to be able to expedite the signature. There are, however, certain difficulties in the way.

It is somewhat doubtful whether the Full Powers for the signature on behalf of Canada could be obtained in time for the purpose you have suggested. In the next place, it is most likely that objections would be raised in Parliament to the Government taking action on these further proposals concerning fishing in the Pacific so long as the final steps to bring the Sockeye Salmon Agreement into force remain outstanding, and I am not convinced that such a situation would be helpful in the general interest.

Accept etc.

O. D. SKELTON for the . . .

390.

*Le ministre des États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*United States Minister to Under-Secretary of State  
for External Affairs*

Ottawa, May 18, 1936

My dear Dr. Skelton,

The Secretary of State has telegraphed me urgently that there have been proposed certain stipulations relative to the powers of the International Fisheries Commission provided for in the Sockeye Salmon Convention of 1930, which have been urged in order to meet the objections of certain interests in the United States heretofore opposed to the Convention. I have been informed that the stipulations would have the approval of the fishing interests of both the State of Washington and the Province of British Columbia. The Salmon Conservation League of Washington and the Washington State Plan-

ning Council have informed the Secretary of State that if these stipulations can actually be made an effective part of the 1930 Convention there should be no further objections. Accordingly, may I suggest the early consideration by the appropriate authorities of your Government of the stipulations, which are as follows:

1. That the Commission shall have no power to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada.
2. That the Commission shall not promulgate or enforce regulations pending the scientific investigations which shall be for a period of two cycles of sockeye salmon runs or eight years.
3. That the Commission shall set up an advisory committee composed of five from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other). The advisory board shall be invited to all meetings of the Commission and shall be given full opportunity to examine any amendments and recommendations before being recommended for approval of the United States or the Dominion of Canada.

If this three point understanding is agreeable to the Canadian Government Mr. Hull would appreciate receiving the views of the Canadian authorities as to the procedure most feasible in reaching an agreement regarding the above three points; i.e., an exchange of notes, a supplementary convention, or reservations to the Convention by the Senate of the United States.

I understand that prompt action in the matter might very well result in action on the Convention by my Government during the present Session of Congress.

Sincerely yours,

NORMAN ARMOUR

391.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre des États-Unis*

*Under-Secretary of State for External Affairs  
to United States Minister*

Ottawa, May 22, 1936

Dear Mr. Armour,

I am glad to learn from your letter of May 18th that there may be a prospect of action being taken on the Sockeye Salmon Convention during the present Session of Congress. With that in view careful consideration has been given to the proposed understandings relative to the proposed International Sockeye Fisheries Commission, as set forth in your letter.

The Canadian Government understand that, as you point out, these suggestions would probably have the approval of the fishing interests of both the State of Washington and the Province of British Columbia. The Government consider them to conform in principle with the reasonable intent of the Con-

vention and are prepared to accept them, subject to certain modifications of two of them which they consider desirable in the interest of practical administration.

The first interpretation can be accepted as it stands, since it will be useful in removing doubts.

As to the second, we understand it is prompted by an apprehension that regulations limiting the fishery might begin before adequate investigation had been made. We are confident that any Commission, as well as the two Governments, will recognise the necessity for adequate investigation. But it hardly seems possible to declare now that a full eight years' investigation will be needed, and such a declaration would appear unfortunate if it turned out in practice that less time would do. To meet the views of the fishermen adequately and at the same time carry out the reasonable intent, it would seem enough to have it understood on all sides that the Commission would not begin establishing such regulations until it had satisfied the two Governments that its investigations had proceeded far enough to warrant action being taken.

As regards the third suggestion, the usefulness of an advisory committee as proposed is fully recognized. It will be recalled that in the case of the International Commission appointed under the original Halibut Convention, one of the first steps taken was to set up such an advisory body, and this has been in existence ever since. We believe it may be assumed that any commission appointed for the sockeye salmon fishery would welcome the assistance of a similar body. There could be no reasonable objection to an arrangement whereby the Commission might invite such an advisory committee to its sessions from time to time for discussion of the Commission's activities and of proposed regulations and recommendations. But attendance at *all* the Commission's sessions does not seem to us necessary to meet what the fishermen have in mind, while on the other hand it would seem calculated to increase the Commission's difficulties from an administrative point of view.

In conformity with these observations the Canadian Government would accordingly be prepared to accept the three understandings as to intention in the following form:

1. It is understood that the Commission is not empowered to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada.

2. It is understood that the Commission will not begin to promulgate or enforce any order or regulation before its investigations have covered two cycles of sockeye salmon runs or eight years, unless it shall have earlier satisfied the Governments of Canada and the United States that its investigations warrant such action.

3. It is understood that the Commission will set up an Advisory Committee composed of five persons from each country representative of the various branches of the industry (purse-seine, gill-net, troll, sport fishing and one other); and that the Committee will from time to time be in-

vited by the Commission to meet it for the discussion of the Commission's activities and of any proposed orders, regulations or recommendations.

As regards your inquiry about the procedure for embodying these understandings, we are inclined to consider that an exchange of notes would be suitable and adequate, though this point has not yet been fully considered.

Yours sincerely,

O. D. SKELTON

392.

*Le chargé d'affaires par intérim des États-Unis  
au sous-secrétaire d'État aux Affaires extérieures*

*United States Chargé d'Affaires ad interim  
to Under-Secretary of State for External Affairs*

Ottawa, June 6, 1936

Dear Dr. Skelton,

I would like to refer in particular to your letter of May 22, 1936, to the Minister, outlining certain interpretations regarding the proposed International Sockeye Fisheries Commission.

I have now been informed telegraphically that the Secretary of State informally has discussed with the Senators of the State of Washington your second and third suggestions and an effort has been made to obtain assent to them. It was agreed that the word "non-executive" might be inserted in the third understanding. After considerable consultation with dissenting factions in the State of Washington the Senators informed Mr. Hull that they have been unable to obtain acquiescence to the amendment suggested in your second understanding.

The Department of State is convinced that if action is to be taken by the Senate at this session the following reservations will be insisted upon:

(1) That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada;

(2) That the Commission shall not promulgate or enforce regulations until the scientific investigations provided for in the Convention have been made, covering two cycles of sockeye salmon runs, or eight years; and

(3) That the Commission shall set up an advisory committee composed of five persons from each country, who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other), which advisory committee shall be invited to all non-executive meetings of the Commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations or recommendations.

I am informed that the Department of State believes that the present situation is the nearest approach thus far to agreement among the various conflicting interests in the State of Washington and that it may not recur.

I should like to obtain your comment in the matter in view of the situation as regards the adjournment of Congress—with which you are fully familiar—which I should be happy to telegraph to Washington.

Sincerely yours,

ELY E. PALMER

393.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires aux États-Unis  
Secretary of State for External Affairs  
to Chargé d'Affaires in United States*

TELEGRAM

Ottawa, June 15, 1936

Sockeye Salmon Convention. United States Legation are being informed that we could exchange notes embodying first and third of the understandings set out in Report of Foreign Relations Committee, but not the second. We informed Legation on May 22nd that we were prepared to accept the second in the following form: Quote. That the Commission will not begin to promulgate or enforce any order or regulation before its investigations have covered two cycles of sockeye salmon runs or eight years, unless it shall have earlier satisfied the Governments of Canada and the United States that its investigations warrant such action. Unquote.

This form recognizes the necessity for adequate investigation. It also safeguards the purposes of the Convention by taking account of possibility that it might turn out that, in the opinion of all concerned, investigation had shown desirability of promulgating regulations at earlier date. To go farther than this would, we feel, defeat broad purposes of the Convention.

394.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures  
Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

TELEGRAM

Washington, June 17, 1936

Your telegram 15th June. Senate yesterday approved Sockeye Salmon Convention with reservation recommended by Foreign Relations Committee. Proposed modification of second reservation not adopted.

395.

*Le chargé d'affaires aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Under-Secretary of State  
for External Affairs*

Washington, July 2, 1936

My dear Dr. Skelton,

While at the State Department this morning I brought up the question of the reservations attached by the Senate to the Sockeye Salmon Convention. They told me that they had put forward strongly our objections to the second reservation, but that Senator Bone had flatly refused to accept our proposal, and could have prevented any action on the Convention.

They are not optimistic about the prospects of having the reservation changed at the next session. They feel that Senator Bone, who is timorous about the whole matter, would not consent to any change and would be able to block proceedings. They think that he regrets having gone as far as he did in consenting to the Convention with the reservations, and would be glad of an excuse to escape from his commitment.

They would therefore like the Convention to be ratified as soon as possible, in the hope that if a serious situation should develop in the fishery warranting the adoption of regulatory measures before the end of eight years, it would be possible to secure the consent of the Senate later on to a modification of the second reservation. It is, of course, absurd that a small group in one State should be able, by threatening a single Senator, to control the Government of the United States in this matter; but that is in fact the case, and our choice may be between half a loaf and no bread.

Yours sincerely,

H. H. WRONG

396.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 250

Ottawa, July 28, 1936

Sir,

I have the honor to refer to your Note No. 68 of June 15, 1936,<sup>1</sup> wherein your Government suggests certain alterations in the proposed draft for a revision of the Convention for the Preservation of the Halibut Fisheries of the northern Pacific Ocean.

<sup>1</sup> Non reproduite/not printed.

(1) The substitution of the word "Canada" for the words "the Dominion of Canada", in the five places listed in your note is agreeable to my Government.

(2) Consideration has been given to the suggestion of the Canadian Government that the phrase "on the high seas" be inserted after the word "engaged" near the beginning of Article II and that the phrases "except within the territorial waters of the other party" and "except when such violation is committed in the territorial waters of the other party", appearing subsequently in that article, be deleted. My Government understands the treaty as providing for the regulation of halibut fishing in territorial waters as well as on the high seas by agreement between the two countries and the first of the two phrases which the Canadian Government proposes to omit as making clear with respect to such regulation that the authorities of one country are not given power to make arrests in the territorial waters of the other country. In view of the provisions of Article I it seems to be important that this exception be expressed. The language of the draft now under negotiation is the same in this particular as the language of the treaties of 1923 and 1930. The object of the second of these phrases, as recently proposed by my Government, is to make clear that one country is not required to surrender the vessels, nationals or inhabitants of the other country, if taken in its own territorial waters for fishing made illegal under the treaty, a construction to which the article might be susceptible if the phrase is not included.

These objects, it is believed, are not achieved by the addition of the phrase "on the high seas" at a point in the article where it merely describes the place where the fishing is done. It must be pointed out, moreover, that the article without the phrase "on the high seas" will be broad enough to provide for the enforcement of the convention and the regulations of the commission in territorial waters, whereas the insertion of those words would remove the territorial waters entirely from the scope of the article.

It is believed that the Canadian Government, no less than my Government, desires to retain complete jurisdiction to arrest and prosecute for offenses by any persons committed within its territorial waters, notwithstanding that the laws and regulations which may be violated are established jointly by the two governments. The meaning desired, it is believed, is clearly expressed in the wording proposed by my Government.

(3) The deletion of the words "or areas" in the third line of Article III, second paragraph, sub-paragraph (c), and the change in the eighth line from the words "the said area" to "that area" is agreeable to my Government.

I avail etc.

NORMAN ARMOUR



397.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au ministre des États-Unis*

*Acting Secretary of State for External Affairs  
to United States Minister*

No. 120

Ottawa, September 21, 1936

Sir,

I have the honour to acknowledge your note of July 28th, 1936, No. 250, relative to the proposed draft for a revision of the Convention of 1930 for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea.

It is now apparent that both our Governments are agreed upon the draft at all points, excepting only the wording of Article II suggested in paragraph (2) of my note of June 15th, No. 68, and dealt with in paragraph (2) of your note under reply. As to that, there appears to be no difference of intention; it seems simply a question of finding the most suitable text.

The Canadian Government have had no intention of questioning the necessity to provide for the regulation of the halibut fishery in territorial waters as well as on the high seas. They believe the first sentence of Article I to be entirely clear upon that point.

From the drafting point of view it would seem that Article I should be regarded as the substantive definition of the offence or object aimed at. Article II, on the other hand, provides for the means and procedure of enforcement, and here two aspects arise: procedure for territorial waters and procedure for the high seas.

As regards the high seas, agreement would seem necessary to authorise to seize the offender or the offending vessel, whatever its nationality, would seem to rest not on treaty but on territorial law. The seizure could be made only by the officers of the country in whose waters the offence occurred, and the prosecution would have to be conducted in the courts of that country.

As regards the high seas, agreement would seem necessary to authorize the officers of the one country to seize and turn over an offender having the nationality of the other country.

It is suggested that a possible confusion and awkwardness might be removed if Article II were so drafted as to recognise more explicitly and directly the distinction between the two cases. Though doubtless not intended, the text as proposed in your notes of March 11, 1936, No. 158, and May 11, 1936, No. 196, seems to admit the possibility that, for example, a Canadian offender seized by United States officers for an offence in United States territorial waters might be turned over to Canadian authorities for prosecution, and yet the latter would of course have no jurisdiction to deal with such an offence.

The draft of Article II, as proposed in my note of June 15th, No. 68, was submitted in the belief that it would obviate such a textual awkwardness. It is believed, also, that this draft corresponds to the method of drafting adopted in the similar case of Article IX of the Sockeye Salmon Fisheries Convention of May 26th, 1930.

In order to clarify the matter further in the sense of the foregoing observations, it is suggested that there might be added, either as a new Article or as an extension of Article II (as proposed in my note above referred to), a provision to the following effect:

Each High Contracting Party shall be responsible for the proper observance of this Convention or of any regulation adopted under the provisions thereof, in the portion of its waters covered thereby.

Accept etc.

LAURENT BEAUDRY for the . . .

398.

*Le sous-secrétaire d'État par intérim aux Affaires extérieures  
au sous-ministre des Pêcheries*

*Acting Under-Secretary of State for External Affairs  
to Deputy Minister of Fisheries*

Ottawa, October 2, 1936

Dear Mr. Found,

With reference to your letter No. 721-19-2 of the 23rd July last<sup>1</sup> and previous correspondence<sup>1</sup> concerning the Sockeye Salmon Convention, I may say that the United States Minister to Canada came to the Department this morning to discuss certain matters and during our conversation referred to this Convention enquiring how the matter now stands. He referred to the visit of your Minister to the Pacific Coast and enquired whether there was any further development.

Yours sincerely,

LAURENT BEAUDRY

399.

*Décret du Conseil*

*Order in Council*

P.C. 163

January 27, 1937

The Committee of the Privy Council have had before them a report, dated 23rd January, 1937, from the Secretary of State for External Affairs, representing as follows:

The International Fisheries Commission, in its 1936 Report to the Governments of Canada and the United States, pursuant to the Convention of

<sup>1</sup> Non reproduites/not printed.

1930 for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, has recommended the revision of certain provisions of that Convention.

The Government of the United States has represented that it is prepared to conclude a new Convention to embody the revisions so recommended and to supplant the Convention of 1930.

Accordingly the draft of a new Convention has been negotiated, a copy<sup>1</sup> thereof being annexed hereto.

Two revisions of substance are proposed. Whereas under the Convention of 1930 fishermen must surrender to government officers any halibut caught incidentally to fishing for other fish in an area or at a time closed to halibut fishing and not used for food by the crew of the fishing vessel concerned, it is now proposed that they shall be enabled to retain and sell such halibut. Secondly, it is proposed that the International Fisheries Commission, instead of fixing periodically the date when halibut fishing must cease, shall be empowered to fix a date for the last departure of fishing vessels for the area concerned. The new provisions are calculated to promote the better administration of the underlying purpose of the original Convention and to secure better co-operation from the fishing fleets to that end. Certain revisions of a formal and textual nature are also proposed.

The Committee, therefore, on the recommendation of the Secretary of State for External Affairs and with the concurrence of the Minister of Fisheries, advise that the Secretary of State for External Affairs be hereby authorized to conclude with a duly authorized representative of the United States a new Convention in the sense of the annexed draft and to sign the same for Canada.

All of which is respectfully submitted for Your Excellency's approval.

E. J. LEMAIRE

400.

*Mé morandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

February 24, 1937

#### THE SOCKEYE SALMON CONVENTION

This second attempt to preserve the Fraser River salmon fisheries was signed in 1930 and approved by the Canadian Parliament in the same year. It has taken six years to overcome opposition in the State of Washington. In the last session of Congress the Senate approved the Treaty subject to certain understandings or reservations. Full enquiry at Washington indicates that there is no possibility of having the Treaty approved without these reservations. The Minister of Fisheries has canvassed the situation fully in British

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

Columbia and discussed it with British Columbia members. We have just been informed by the Fisheries Department that the Minister sees no reason why the Treaty should not be ratified.

A Recommendation to Council<sup>1</sup> for ratification is attached.

401.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 88

Ottawa, April 14, 1937

Sir,

With reference to my despatch No. 2 of January 7, 1937,<sup>1</sup> I have the honour to request that His Majesty the King may be humbly moved to ratify, in respect of Canada, the Convention between Canada and the United States for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa on January 29, 1937.

In this connection I transmit, herewith, three certified copies of the Convention, one of them being on special paper for inclusion in the Instrument of Ratification.

I have etc.

O. D. SKELTON for the ...

402.

*Décret du Conseil*  
*Order in Council*

P.C. 915

April 23, 1937

WHEREAS the International Fisheries Commission that was appointed under the Northern Pacific Halibut Fishery Convention of 9th May, 1930, unanimously recommends that the attached regulations to govern the Northern Pacific Halibut Fishery, including that of Bering Sea, of Canada and the United States, be substituted for those now in effect, which were approved by Order in Council of February 6th, 1936, P.C. 305, and by the President of the United States on February 27th, 1936;

AND WHEREAS, the Minister of Fisheries reports that the only changes in effect from the existing regulations are:

<sup>1</sup> Non reproduites/not printed.

1. A change in Section 2 of the existing regulations provides that the regulation shall apply to the fishing season of 1937 instead of 1936.

2. Vessels engaged in fishing halibut in Convention waters are required to be licensed. It is contingent upon each licensee to furnish complete and accurate statistical data of each fishing trip and, to assure such being done, the license of each vessel must be validated after each trip showing statistical return has been furnished. It has been found that some room for misunderstanding exists in the terminology of paragraph (b) of Section 3 of the existing regulations, in which the procedure pertaining to validation of licenses is defined. Hence, it is desirable such paragraph should be reworded and clarified.

3. A minor change in paragraph (c) of Section 3 of the existing regulations provides that statistical returns by halibut vessels shall include all halibut landed or transferred to other vessels and that they must be full, true and correct in all respects.

4. Paragraph (e) of Section 3 of the existing regulations, which requires those buying halibut from fishing vessels to keep statistical records of purchases of halibut for the purposes of the Commission, is being amended so as to embrace purchases from transporting vessels; also to provide that such purchasers may be required to certify to the correctness of their records by sworn declaration.

5. By the existing regulations, the annual close season for halibut fishing in Convention waters terminates on March 15th. The preponderance of the fishing fleets have requested that such close season shall not terminate until the end of March on the grounds it is desirable that frozen halibut stocks from the previous season's catch should be reduced to a minimum before the new season's catch arrives on the markets, and that achievement of this objective would be materially assisted by retarding the date when the annual close season will end. Hence, Section 5 of the existing regulations is being amended to fix the end of the annual close season at midnight of March 31st instead of midnight of March 15th.

NOW THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Fisheries and under the provisions of Section 5 of the Northern Pacific Halibut Fishery Protection Act, Chapter 75 of the Revised Statutes of Canada 1927, is pleased to order that the existing International Pacific Halibut Fishery Regulations that were approved as above cited, be and they are hereby rescinded, and the attached regulations substituted therefor; provided however that these changes shall not become effective until approval of the attached regulations has been given by the President of the United States of America.

E. J. LEMAIRE

403.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 320

Ottawa, June 30, 1937

With reference to my despatch of the fourteenth of April Number eighty-eight. Halibut Fisheries Convention between Canada and the United States. When may we expect to receive the instrument of ratification. The continued delay is likely to interfere with the work of the Commission and is proving embarrassing.

404.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 244

London, July 1, 1937

Sir,

With reference to your despatch No. 88 of the 14th April, I have the honour to transmit the instrument<sup>1</sup> by which His Majesty the King has ratified the Convention between Canada and the United States of America for the preservation of the halibut fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa on the 29th January, 1937.

2. I should be glad if I could be notified in due course of the date on which the exchange of ratifications of the Convention is effected for purposes of record.

I have etc.

MALCOLM MACDONALD

405.

*Le ministre aux États-Unis au secrétaire d'État par intérim*  
*aux Affaires extérieures*  
*Minister in United States to Acting Secretary of State*  
*for External Affairs*

DESPATCH 769

Washington, July 9, 1937

I have the honour to refer to your despatch No. 283 of July 3rd<sup>1</sup> in which you state that the Instruments of Ratification for the Sockeye Salmon Fisheries Convention and the Halibut Fisheries Convention are due to arrive at Ottawa not later than the 10th of this month.

<sup>1</sup> Non reproduits/not printed.

2. With regard to the exchange of Ratifications of the Sockeye Fisheries Convention I have been in informal communication with the Department of State. The President has not so far signed the Ratification of the Convention but upon my informing the State Department that the Instrument of Ratification signed by His Majesty would reach this Legation in the course of next week they stated that action would be taken to obtain the President's signature some time in the course of the next few days and without awaiting the arrival of our Instrument of Ratification. In this way it should be possible to avoid any delay and thus to effect an exchange of Ratifications at the earliest possible date with the object of bringing this Convention into force immediately.

3. With respect to the exchange of Ratifications in the case of the Halibut Fisheries Convention this exchange of course will take place at Ottawa. As you are aware the President has already ratified the Halibut Fisheries Convention and I am informed that the United States Minister to Canada has been sent his Full Powers so that there seems no reason for any delay in the exchange of Ratifications.

I have etc.

HERBERT M. MARLER

406.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 841

Washington, July 28, 1937

Sir,

In confirmation of information already transmitted by telephone, I have the honour to inform you that I have this afternoon exchanged with the Secretary of State of the United States the ratification of the convention of May 26th, 1930, for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser River System. I enclose herewith the following documents in connection with the exchange of ratifications:

(1) The Instrument of Ratification<sup>1</sup> executed by the President of the United States.

(2) A copy of the Protocol of Exchange which was signed by the Secretary of State and myself. The original of this protocol will be forwarded to you in the near future when the proper seals have been appended.

(3) A copy<sup>1</sup> of a statement issued to the press by the Department of State concerning the exchange of ratifications of this convention and of the Halibut Convention of January 29th, 1937.

I have etc.

HERBERT M. MARLER

<sup>1</sup> Non reproduits/not printed.

## [PIÈCE JOINTE/ENCLOSURE]

*Protocole d'échange entre le ministre aux États-Unis  
et le secrétaire d'État des États-Unis**Protocol of Exchange between Minister in United States  
and United States Secretary of State*

The undersigned the Canadian Minister at Washington and the Secretary of State of the United States of America met this day for the purpose of exchanging ratifications of the convention between Canada and the United States of America for the protection, preservation and extension of the sockeye salmon fisheries of the Fraser River System, signed at Washington on May 26, 1930.

The Secretary of State of the United States of America stated that the convention is ratified on the part of the United States of America subject to the three understandings contained in the resolution of the Senate of the United States of America advising and consenting to ratification, a copy of which resolution was communicated to the Secretary of State for External Affairs of Canada by the Minister of the United States of America at Ottawa in his note of July 7, 1936.<sup>1</sup> These three understandings are as follows:

- (1) That the International Pacific Salmon Fisheries Commission shall have no power to authorize any type of fishing gear contrary to the laws of the State of Washington or the Dominion of Canada;
- (2) That the Commission shall not promulgate or enforce regulations until the scientific investigations provided for in the convention have been made, covering two cycles of Sockeye Salmon runs, or eight years; and
- (3) That the Commission shall set up an Advisory Committee composed of five persons from each country who shall be representatives of the various branches of the industry (purse seine, gill net, troll, sport fishing, and one other), which Advisory Committee shall be invited to all non-executive meetings of the Commission and shall be given full opportunity to examine and to be heard on all proposed orders, regulations or recommendations.

The Canadian Minister stated that he was authorized by his Government to state that it accepted the foregoing understandings.

The exchange then took place in the usual manner.

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<sup>1</sup> Non reproduite/not printed.



IN WITNESS WHEREOF they have signed the present protocol and have affixed their seals hereto.

Done at Washington this twenty-eighth day of July, 1937.

HERBERT M. MARLER  
Canadian Minister

CORDELL HULL  
Secretary of State  
of the United States of America

407.

*Décret du Conseil*  
*Order in Council*

P.C. 1943

August 11, 1937

WHEREAS the International Fisheries Commission, appointed under the Northern Pacific Halibut Fishery Convention of January 29th, 1937, which Convention replaced that of May 9th, 1930, unanimously recommends that the attached Regulations to govern the Northern Pacific halibut fishery, including that of Bering Sea, of Canada and the United States, be substituted for those now in effect which were approved by Order in Council of April 23rd, 1937, (P.C. 915) and by the President of the United States on May 11th, 1937;

AND WHEREAS the Minister of Fisheries reports that the changes in these regulations are pursuant to broader administrative powers accorded the Commission in the interests of the Northern Pacific halibut fishery, under the later Convention, to

(a) permit, limit, regulate and prohibit in any area or at any time when fishing for halibut is prohibited, the taking, retention and landing of halibut caught incidentally to fishing for other species of fish, and the possession during such fishing of halibut of any origin;

(b) apply closure of halibut fishing in any area when the catch limitations are about to be reached by fixing a date after which vessels may not clear for fishing there, instead of declaring a date on which fishing must cease;

and in effect briefly are:

1. Under existing Regulations, any halibut caught during the closed seasons may be retained only if to be used for consumption on board the vessel catching it or if surrendered to the authorities on being landed. This has resulted in wastage of halibut as well as in enforcement

difficulties. Hence, possession and sale during the closed seasons enforced during the current year up to the time halibut fishing is closed in area No. 3 of that proportion of halibut which would normally be taken by a vessel fishing with halibut gear for cod, etc., is being provided for. This is being fixed at one pound of halibut to each seven pounds of other species.

2. Provision is made to control landing of halibut so caught by requiring licenses for halibut fishing to be validated prior to each trip to indicate clearance for fishing in an area closed to halibut fishing.

3. Instead of fixing a date for the current year upon which halibut fishing shall cease in Area No. 3, by which date the Commission would have determined the catch limitation would be taken, provision is made by Section 4 whereby departure of vessels for fishing in that area is prohibited after a date it has been decided the catch of vessels already on the fishing grounds will suffice to reach the limitation set. Such procedure has been urged by the fishing fleets generally.

4. Other changes involve details designed to facilitate the application and enforcement of the authority being exercised under the provisions of the afore mentioned Convention.

NOW, THEREFORE, the Deputy of His Excellency the Governor General in Council, on the recommendation of the Minister of Fisheries and under the provisions of Section 9 of the Northern Pacific Halibut Fishery (Convention) Act, 1937, Chapter 36, I Geo. VI, is pleased to order that the existing International Pacific Halibut Fishery Regulations that were approved as above cited be and they are hereby rescinded and replaced by the Regulations attached hereto; provided however that these changes shall not become effective until approval of the attached Regulations has been given by the President of the United States of America.

E. J. LEMAIRE

408.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1007

Washington, September 3, 1937

Sir,

With reference to your Despatch No. 353 of August 24th, 1937,<sup>1</sup> and previous correspondence concerning the new International Pacific Halibut Fishery Regulations under the Convention of January 29th, 1937, I have the honour to inform you that I formally notified the Secretary of State of

<sup>1</sup> Non reproduite/not printed.

the approval of these Regulations by the Government of Canada and that I have received in reply a note dated September 1st, of which I enclose a copy,<sup>1</sup> stating that the Regulations were approved by the President of the United States on August 6th.

I have etc.

H. H. WRONG

409.

*Le président, la division canadienne, la Commission mixte internationale  
au Premier ministre*

*Chairman, Canadian Section, International Joint Commission  
to Prime Minister*

Ottawa, September 8, 1937

My dear Premier,

I have your favour of the 2nd instant<sup>1</sup> in reply to mine of the 25th ultimo<sup>1</sup> with reference to the advisability of assigning to the International Joint Commission the investigation into the Sockeye Salmon Fisheries, for which the Commissioners have recently been appointed by the Governments of the United States and Canada.

I do feel that an investigation of this character could very properly be performed by the International Joint Commission. It is quite true that expert assistance is essential, and in this investigation selection has been made of technical men from the Fisheries Department. However, I should like to point out that our Commission finds it necessary to make use of technical advisers in every investigation which is delegated to it. It is my belief that the members of the Commission, who are trained in dealing with international questions, would be in a better position to prepare a satisfactory report than those who are chosen from time to time to deal with specific questions.

I should also like to bring to your attention the fact that the treaty setting up the International Joint Commission gives it very wide powers of investigation, particularly under Article IX, which reads in part as follows:

The High Contracting Parties further agree that *any other questions or matters of difference arising between them* involving the rights, obligations, or interests of either in relation to the other or to the inhabitants of the other, along the common frontier between the United States and the Dominion of Canada, shall be referred from time to time to the International Joint Commission for examination and report, whenever either the government of the United States or the Government of the Dominion of Canada shall request that such questions or matters of difference be so referred. . . .

It will be noted that under this section very wide investigatory powers are delegated to the Commission on any matter which affects private individuals, public bodies, or the Government of either country.

<sup>1</sup> Non reproduites/not printed.

I mention the provisions contained in the treaty in order to counteract an impression which seems to be prevalent in the minds of Government officials of the United States and Canada that only those questions pertaining to boundary waters can be referred to the International Joint Commission.

In an informal discussion with President Roosevelt he intimated he was strongly of the opinion the Commission might well be used for a wide range of questions. I informed him I would take the first occasion which would present itself to discuss this matter with you, but your time has been so occupied no opportunity was afforded.

It does seem to me that this Commission could be extremely useful in many ways in bringing about and continuing the harmonious relationship which exists between the two countries of the Dominion of Canada and the United States if the Governments decide to utilize it to a greater degree.

Yours sincerely,

CHARLES STÉWART

410.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

DESPATCH 216

Geneva, September 27, 1937

Sir,

I have the honour to forward to you herewith a Certificate of Registration of the Convention between Canada and the United States of America revising the Convention of May 9, 1930, for the Preservation of the Halibut Fishery of the Northern Pacific Ocean and Bering Sea, signed at Ottawa, January 29, 1937.

At the request of the Envoy Extraordinary and Minister Plenipotentiary of the United States of America at Berne this Convention has been registered with the Secretariat of the League of Nations on September 22, 1937 under No. 4190.

I have etc.

W. A. RIDDELL

411.

*Décret du Conseil*  
*Order in Council*

P.C. 338

February 17, 1938

WHEREAS the International Fisheries Commission, appointed under the Northern Pacific Halibut Fishery Convention of January 29th, 1937, which

Convention replaced that of May 9th, 1930, unanimously recommends that the attached regulations to govern the Northern Pacific Halibut Fishery, including that of Bering Sea of Canada and the United States, be substituted for those now in effect, which were approved by Order in Council of August 11th, 1937, P.C. 1943, and by the President of the United States on August 6th, 1937;

AND WHEREAS the Minister of Fisheries reports that the changes provided for are largely of minor character found to be necessary in the light of the experience of the past season to clarify existing provisions and to facilitate administration thereof in conformity with the intent of the Convention;

That other changes include:

1. The annual catch limits of halibut for the two principal fishing areas, i.e., areas Nos. 2 and 3, which since regulation by the Commission began in 1932 have been fixed at 21,700,000 pounds and 24,300,000 pounds, respectively, are being increased for 1938 by 1,000,000 pounds each.

2. Section 4 will permit vessels clearing on or immediately before the final date departure for halibut fishing in area No. 3 is allowed each season, a period of ten days from date of clearing in which to go to sea. This is designed to assist in eliminating grouping of vessel departures and subsequent congestion of landings at the end of the season.

3. The use of set nets in fishing for halibut is prohibited.

NOW, THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Minister of Fisheries and under the provisions of section 9 of the Northern Pacific Halibut Fishery (Convention) Act, 1937, Chapter 36, 1 George VI, is pleased to order that the existing International Pacific Halibut Fishery Regulations that were approved, as above cited, be and they are hereby rescinded and replaced by the regulations attached hereto; provided, however, that these changes shall not become effective until approval of the attached regulations has been given by the President of the United States of America.

E. J. LEMAIRE

412.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 212

Washington, February 18, 1938

Sir,

I have the honour to state that Hubert P. Gallagher, representative of the Council of State Governments, called today in connection with the

forthcoming Great Lakes Fisheries Conference which is to meet from February 25th to February 26th at Detroit, Michigan. The Conference has been called by the Council of State Governments with the object of discussing the possibility of bringing about an agreement among the States bordering the Great Lakes to petition the Federal authorities to conclude a treaty with Canada for the preservation of the Great Lakes fisheries.

2. As you are doubtless aware the fisheries of the Great Lakes have been very seriously depleted in recent years due to the fact that the States bordering on the Lakes have been unable to agree to any regulatory measures. For some years now various attempts have been made to secure a compact between the States bordering on the Great Lakes for the protection of the fisheries. From time to time temporary agreements have been arrived at, but these have always broken down after a short period with the result that the fishery resources of the Lakes have become drastically depleted. The Council of State Governments is now interested in attempting to secure a treaty with Canada as the most effectual means of bringing about regulatory measures for the preservation of these fisheries. The supporters of the projected treaty point to the success of the Halibut Treaty as an instance of the effectiveness of regulation under an international treaty when prior attempts at domestic regulation had failed.

3. The Council of State Governments consists, as you are probably already aware, of the representatives of commissions which have been set up in recent years in each State to deal with the subject of interstate cooperation. These bodies are therefore official bodies created by statute and contain representatives of the executive and legislative branches of government in each State. The States most interested in the present Conference are, I believe, New York and Michigan.

4. The Council of State Governments has approached the State Department in this matter and Mr. Gallagher has had interviews with Judge Moore, Counsellor of the State Department, and other State Department officials. I am informed by State Department officials that as a result it is probable that they will send an Observer to the forthcoming Conference.

5. Mr. Gallagher states that an invitation has been sent direct from the Council of State Governments to the Secretary of State for External Affairs at Ottawa inviting the Canadian Government to send an Observer to this Conference. I should appreciate being informed at your convenience what decision has been taken with regard to the attendance at the Conference of an Observer appointed by the Canadian Government.

I have etc.

HERBERT M. MARLER

413.

*Le Premier ministre au directeur exécutif, le Conseil  
des gouvernements des États, Chicago*

*Prime Minister to Executive Director, Council  
of State Governments, Chicago*

TELEGRAM

Ottawa, February 23, 1938

Your letter of February 19<sup>1</sup> inviting the Department of External Affairs to send representatives to the Great Lakes Fisheries Conference at Detroit on February 25 and 26 is much appreciated. Stop I regret that the pressure of the business in connection with Parliament which is now sitting renders this impracticable. Stop As regards your reference to the Province of Ontario, I assume you have communicated direct with the Fisheries Authorities of that Province as I understand they are taking a special interest in the subjects to be discussed. Stop May I add my best wishes that the Conference proceedings will assist in promoting the well-being of the fisheries in question.

W. L. MACKENZIE KING

414.

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-secrétaire d'État*

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

Ottawa, May 16, 1938

Sir,

I have the honour to request that a communication may be sent to the appropriate authorities in the Province of Ontario with regard to the creation of an International Board of Inquiry to consider and recommend measures for the conservation of the Great Lakes fisheries.

The Canadian Government has received a note<sup>1</sup> from the Legation of the United States of America, transmitting a copy of the Summary of Proceedings of the Great Lakes Fisheries Conference issued by the Administrative Offices of the Council of State Governments, 850 East 58th Street, Chicago, Illinois, which covers the activities of a conference concerning fisheries in the Great Lakes called by the Council of State Governments at the request of the Michigan Cooperation Commission, which met in Detroit on February 25th and 26th, 1938. It will be observed that the Resolutions of this Conference urged the Government of the United States to undertake negotiations with a view to the establishment of an International Board of Inquiry whose func-

<sup>1</sup> Non reproduites/not printed.

tions it would be to consider and to recommend measures for the conservation of the Great Lakes fisheries. The Chargé d'Affaires of the United States Legation states that he has been instructed, in transmitting the document in question, to ascertain whether the appropriate authorities of the Government of the Dominion of Canada will be willing to enter into a treaty with the United States Government creating an International Board of Inquiry for the purpose indicated.

It is apparent from the record of the proceedings of the Conference in question that the Government of Ontario was represented at the Conference and, accordingly, will be familiar with the circumstances and will have available the texts of the Summary of Proceedings and Resolutions.

Accordingly, before communicating with the United States Legation with regard to this matter, it is desirable that the views of the Government of Ontario should be ascertained and that arrangements should be made for co-operation in this negotiation.

It would undoubtedly facilitate such a negotiation if arrangement could be made for consultation on the proposals in question or any alternative methods that may be proposed. It would appear desirable to arrange for early consideration of the matter by a Committee including representatives of the interested Departments of the Canadian Government, and representatives of the appropriate Departments of the Ontario Government. Following consideration of the question by such a Committee, arrangements could be made for a conference between this Committee and representatives of the United States Government.

The Canadian Government would be prepared to appoint representatives at once for this purpose, and desires to learn whether the Government of Ontario is prepared to adopt a similar course.

I have etc.

O. D. SKELTON

415.

*Le sous-secrétaire d'État au sous-secrétaire d'État  
aux Affaires extérieures*

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

Ottawa, June 20, 1938

Sir,

I have the honour to refer to my letter of May 19th<sup>1</sup> concerning the creation of an International Board of Inquiry to consider and recommend measures

<sup>1</sup> Non reproduite/not printed.



for the conservation of the Great Lakes fisheries and to send you herewith two copies of a despatch which was received today in this respect from the Lieutenant-Governor of Ontario.

The date of this despatch was left blank.

I have etc.

E. H. COLEMAN

[PIÈCE JOINTE/ENCLOSURE]

*Le Lieutenant-gouverneur d'Ontario au sous-secrétaire d'État*  
*Lieutenant-Governor of Ontario to Under-Secretary of State*

Toronto, June [n.d.] 1938

Sir,

I have the honour to refer to your despatch of the 19th of May<sup>1</sup> submitting, for the consideration of the appropriate authorities of my Government, certain information with regard to the proposed creation of an International Board of Inquiry to consider and recommend measures for the conservation of the Great Lakes fisheries.

My Minister in charge of the Department of Game and Fisheries informs me that the Government of Ontario is prepared to nominate representatives for the proposed Board with authority to act on behalf of the Province of Ontario.

I have etc.

ALBERT MATTHEWS

416.

*Le secrétaire d'État aux Affaires extérieures*  
*au chargé d'affaires par intérim des États-Unis*  
*Secretary of State for External Affairs*  
*to United States Chargé d'Affaires ad interim*

No. 5

Ottawa, January 11, 1939

Sir,

I have the honour to refer to your note No. 671 of April 8, 1938,<sup>1</sup> by which, after alluding to the proceedings of the Great Lakes Fisheries Conference held at Detroit in February last under the auspices of the Council of State Governments, you inquire whether the Canadian Government would be willing to enter into a treaty with the United States Government creating an International Board of Inquiry to consider and recommend measures for the conservation of the Great Lakes fisheries.

<sup>1</sup> Non reproduites/not printed.

Recognizing the value of conserving these important fisheries as well as the practical necessity of co-operation between the two countries to this end, the Canadian Government are favourably disposed towards the institution of such a joint board of inquiry.

As regards the terms of reference the Canadian Government are inclined to feel that the words used at the end of the first paragraph of your note would be sufficient. As to the constitution of the proposed board it is felt by the Canadian authorities concerned with fisheries that, in the interest both of efficiency and of economy, it would be desirable to keep the size of the board to small limits, and it is therefore suggested for the consideration of the United States Government that the board be composed of four members, two to be appointed by the United States Government and two by the Canadian Government.

As regards the procedure to be followed to institute the proposed board, I venture to inquire whether your Government consider it necessary or important that a formal treaty be drawn up and concluded for this purpose. Since at the present stage there appears to be no question of undertaking substantive commitments but only of having an inquiry made into the circumstances of the fisheries in question and receiving a report and recommendations, it occurs to the Canadian Government to submit, for the consideration of the United States Government, that a formal exchange of notes might be both convenient and sufficient for the purpose in view.

Accept etc.

O. D. SKELTON for the . . .

417.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 172

Washington, February 7, 1939

Sir,

With reference to your despatch No. 476 of September 7th 1938<sup>1</sup> concerning a new convention supplementary to the Halibut Fisheries Convention, I have the honour to inform you that this question has been followed closely since it was first brought to the attention of the competent authorities in the State Department last September.

2. In a conversation which I then had with Mr. Barnes and certain other officials of the State Department it was pointed out that the proposed supplementary convention had been referred to the Fisheries Branch of the Department of Commerce and that as soon as they knew the views of that Department they would be pleased to communicate with us. The officials of the State

<sup>1</sup> Non reproduite/not printed.

Department seemed at first to have some doubt whether another enquiry of the fleets and industry by the Commission would be necessary since they understood that the supplementary convention was based on the practice of the fleets and that the Commission had drafted the supplementary convention on representations from the fleet and industry. I reminded them, however, that our desire was to make sure that in view of this season's experience the fleets and the industry were still of the opinion that the supplementary convention was essential and would be acceptable. (See copy of attached *aide mémoire*<sup>1</sup> which was left with Mr. Barnes of the Treaty Division.)

3. They were in agreement however with the suggestion that before any further action should be taken on the proposal the two governments should at least have an assurance from the fleets and the industry generally that they both understand the proposal and consider it acceptable and essential.

4. The proposed extension of the powers of the Commission in their opinion was extremely far reaching and would require mature reflection before any action could be taken upon it. In the first place they pointed out that detailed regulation of an industry of this type had been attempted on a large scale at the time of the N.R.A. and that it had been found to be unconstitutional. They were not at all clear as to what the constitutional position would be if the fishing industry were to be subjected to this type of governmental regulation by means of legislation passed through Congress. If, however, regulation of this sort were accomplished by treaty with a foreign power the same object would be achieved but it would be open to the criticism that this was simply a roundabout method of introducing governmental regimentation into an industry and that this method of presenting a *fait accompli* to Congress in the form of a treaty might be considered to create a dangerous precedent.

5. Secondly, they pointed out that although the Commission had convinced themselves that most of the fishermen involved were anxious that the authority of the Commission should be behind the new programme of regulation, they had not perhaps consulted all those interests in the communities which might be involved more indirectly. For example, they said that there were many fishermen who did not devote themselves exclusively to halibut fishing but who did halibut fishing in their spare time. While these fishermen presented a special problem in relation to the whole problem of regulation of catch etc., they should not be totally excluded from the fisheries.

6. Thirdly, it was felt that this question should really be referred to the State authorities of the various States involved for their consideration. While these State authorities had up to the present not raised any questions regarding the proposed extension of the treaty—had not indeed perhaps had an opportunity to study the project—it was quite possible that later they would realize its implications and would object to it on the ground that Federal authority was extending detailed regulation into their States without prior consultation.

<sup>1</sup> Non reproduit/not printed.

7. While these difficulties were raised they did not object to the principle of the proposals contained in the new draft convention, nor did they question the necessity for some such regulation, but they did appear to feel that such a far reaching proposal should not be proceeded with in a hurry.

8. Early this year the matter was again taken up with officials of the State Department. It was learned that Mr. Barnes of the Treaty Division of the State Department was working on a memorandum on the proposed extension of the treaty, doubtless after consultation with the Department of Commerce, and it was proposed that when the memorandum was completed it would be submitted first to the Economic Adviser's Office of the State Department and possibly to the Committee on Economic Policy of the National Emergency Council, who would study its wider economic implications before the State Department would come to any decision in favour of the proposed extension of the treaty.

9. Just what action will be taken finally by the State Department is difficult to predict. This may depend somewhat on consultations which I understand are now going on with certain interested Congressmen. As far as I have been able to learn it is probable that the State Department will eventually recommend some extension of the Treaty.

I have etc.

HERBERT M. MARLER

418.

*Décret du Conseil*

*Order in Council*

P.C. 574

March 14, 1939

WHEREAS the Minister of Fisheries reports that the International Fisheries Commission, appointed under the Northern Pacific Halibut Fishery Convention of January 29th, 1937, unanimously recommends that the attached regulations to govern the Northern Pacific halibut fishery, including that of Bering Sea, of Canada, and the United States, be substituted for those now in effect, which were approved by Order in Council of February 17th, 1938, (P.C. 338), and by the President of the United States on February 26th, 1938;

That no major change in the regulation of the fishery for 1939 is provided for thereby;

That the limitations of catch for 1939 are set at the same amounts fixed for 1938 and the opening date for the season's fishing remains unchanged at April 1st; and

That the changes provided for are of minor significance, including some of textual character found to be necessary in the light of the experience of the past season to clarify existing provisions and to facilitate administration thereof in conformity with the intent of the Convention;

NOW, THEREFORE, the Deputy of His Excellency the Governor General in Council, on the recommendation of the Minister of Fisheries and under the provisions of section 9 of the Northern Pacific Halibut Fishery (Convention) Act, 1937, chapter 36, 1, George VI, is pleased to order that the existing International Pacific Halibut Fishery Regulations that were approved, as above cited, be and they are hereby rescinded and the regulations attached hereto substituted in lieu thereof, provided, however, that these changes shall not become effective until the approval of the attached regulations has been given by the President of the United States of America.

E. J. LEMAIRE

419.

*Le sous-secrétaire d'État aux Affaires extérieures  
au chargé d'affaires des États-Unis*

*Under-Secretary of State for External Affairs  
to United States Chargé d'Affaires*

Ottawa, April 14, 1939

Dear Mr. Simmons,

I write with reference to the visit you made to the Department on March 11th last to inquire informally concerning the proposal of the International Fisheries Commission for a new convention supplementary to the existing Halibut Convention.

As I understand it the State Department in Washington wished to know informally what the Canadian Government's attitude is toward the proposal. More specifically the inquiry was whether the Government here wished to enter into a new convention on the lines of the Commission's draft, or, if not, whether it would be prepared to suggest an alternative.

Immediately after your visit I consulted the Department of Fisheries upon the questions you thus raised. I have just received their observations, which I quote as follows:

This Department continues to hold the view that before extended consideration is given to the suggested convention there should be an assurance from the fleets and industry concerned that its terms are fully understood and that in the light of further experience of the season 1938 the proposal is regarded as acceptable and essential.

The reasons for the proposed convention are primarily economic. The regular halibut fleets of the two countries, in the interests of their own well-being, have asked the International Fisheries Commission to secure power to regulate their operations within the bounds of prescribed regulations for the rehabilitation and preservation of the fishery to assist in their own economic welfare. The proposed treaty is designed accordingly. The basic reason being such, rather than protection or conservation of the fishery for instance, it would appear to be more essential than ever that the provisions of the proposed treaty and their implications should be fully understood by all concerned before the matter is proceeded with further. Whether or not joint action by the two countries is taken in seeking such assurance,

in view of the representations of the Commission as to the seriousness and urgency of the matter from the standpoint of the regular fleets, this Department is of the view that inquiry should be instituted with the least possible delay.

While no alternative of the Commission's proposal immediately suggests itself, it is conceivable that some modification may arise out of a reference to the industry or that even an entirely new plan may be advanced should the present proposal be deemed unfavourable. On the other hand, if the United States Government has some alternative under consideration, the opportunity of studying it would be welcomed.

So far as this Department is concerned I am not in a position to say more than that the considerations mentioned by the Department of Fisheries would appear to deserve careful attention; but I hope this informal communication will assist the further examination of the matter in Washington.

Yours sincerely,

O. D. SKELTON

420.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 40

Ottawa, June 28, 1939

Sir,

With reference to Dr. Skelton's letter to Mr. Simmons of April 14, 1939, and to previous conversations and correspondence concerning the possibility of the negotiation of a supplementary halibut convention designed to provide a remedy for certain problems of the Pacific halibut industry, I have the honor to advise you that I am today in receipt of a telegraphic instruction from the Department of State directing me to approach the Canadian Government once more in regard to this question.

Under these instructions from the Department of State, I wish to inform you that the United States Government has given careful consideration to the observations of the Canadian Department of Fisheries quoted in Dr. Skelton's note under reference and is of the view that there is adequate support in favor of the proposed supplementary halibut convention, recommended by the International Fisheries Commission, to proceed with the signing of the convention at the present time.

In this connection I am directed to inform you that insistent requests are being received by the Department of State from the halibut fishing interests and from Senator Lewis B. Schwellenbach, of the State of Washington, that the convention be completed. The United States Bureau of Fisheries has given its approval of the proposed convention and is of the view that the convention is essential to insure the welfare of the halibut fishery to which it relates. The Bureau is urging that favorable action on the convention be taken as soon as possible.

The Department of State is desirous of proceeding with the signing of the convention at this time in order that it may be submitted to the Senate before the present session of Congress adjourns.

As it appears from my instructions that a full power will be requested of the President for me to sign this convention and will be sent to me with a draft of the proposed convention in which a preamble and an article concerning the date of entry into force will be added if the Canadian Government is prepared to sign the proposed convention at this time, I should greatly appreciate receiving the views of the Canadian Government on this matter at as early a date as practicable.

Accept, etc.

DANIEL C. ROPER

421.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre des États-Unis*

*Under-Secretary of State for External Affairs  
to United States Minister*

Ottawa, July 7, 1939

Dear Mr. Roper,

On April 20th last Mr. Simmons called and left with me a Memorandum<sup>1</sup> which, after commenting generally upon the problem of the conservation of the North Pacific fisheries, went on to make a particular suggestion for an informal joint study of the problem.

It appears that what is especially in the mind of the United States Government is the threat to these fisheries offered by factory ships and trawlers from other countries operating in the extraterritorial waters off the western coast, and both the salmon and the halibut fisheries are regarded as menaced sooner or later.

I understand that your Government do not consider that more is needed at the moment than a careful study of the problem, and the Canadian Government are asked whether they would be prepared to approach the problem in this sense with a common objective and on parallel lines.

The particular suggestion of the Memorandum in this regard is that each Government might informally designate an official or officials and that these would consult together from time to time upon the joint study in question. At the same time each on his own side would act as a liaison with the other interested officers and agencies of his own Government with a view to a correlation of their studies and action. It appears that no interference with the work of the Commissions already established by the two Governments under the Halibut and Sockeye Salmon Conventions is intended. The Memorandum further suggests that the study might best begin with investigation of purely economic and scientific matters relating to the

<sup>1</sup> Non reproduit/not printed.

general need of protecting high seas fisheries against possible over-exploitation, and this task is further envisaged as the assembly and analysis of data already available or readily obtainable on each side.

I am now in a position to give you, as requested, the views held here. The Canadian Government continue to share your Government's view of the great importance of conserving the North Pacific fisheries. They are alive to the possible threat that might arise from the operations of fishermen from other countries employing modernised fishing methods in waters lying beyond but contiguous to the territorial waters of the United States and Canada, and they concur generally in the observations of the United States Government in that regard.

They also concur in the suggestion for a joint study and are prepared to accept your Government's suggestion and to co-operate along the lines to which I have referred. It is understood that the study will not involve public action, but will rather be of an informal and confidential nature and that the officials to act in the capacity contemplated by the suggestion should be designated from the staffs of the Departments concerned in Ottawa and Washington rather than from other agencies.

The officials who have been designated to act in this capacity for the Canadian Government are Mr. L. C. Christie, Counsellor, Department of External Affairs, and Mr. A. J. Whitmore, Head, Western Division, Department of Fisheries, who will be prepared to consult as proposed with the official or officials designated by your Government.

Yours sincerely,

O. D. SKELTON

422.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 79

Ottawa, August 1, 1939

Sir,

I have the honor to refer to your note No. 5, dated January 11, 1939, relating to the establishment of an international Board of Inquiry to consider and recommend measures for the conservation of the Great Lakes Fisheries.

Under instructions from my Government, I am glad to inform you that I am now authorized to exchange notes with you providing for the establishment of such a Board under the following terms:

A Board of Inquiry for the Great Lakes Fisheries shall be established and shall consist of four members, two to be appointed by the Government of the United States of America and two to be appointed by the Canadian Government within three months from the date of this agreement. The Board shall continue to exist for a period of two years from today's date. The salaries and expenses of each member shall be paid by the Government appointing such member, and any joint expenses of the Board shall be paid by the two Government in equal parts.



The Board shall make a study of the taking of fish in the Great Lakes, such study to be undertaken as soon as practicable. The Board shall make a report of its investigations to the two Governments and shall make recommendations as to the methods for preserving and developing the fisheries of the Great Lakes.

Accept etc.

DANIEL C. ROPER

423.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires par intérim des États-Unis*

*Secretary of State for External Affairs  
to United States Chargé d'Affaires ad interim*

No. 179

Ottawa, August 30, 1939

Sir,

With reference to your note No. 100 of August 17, 1939,<sup>1</sup> relating to the establishment of an international Board of Inquiry to consider and recommend measures for the conservation of the Great Lakes Fisheries, I have the honour to state that the terms of the exchange of notes proposed in your note No. 79 of August 1, 1939, are acceptable to the Canadian Government.

Accept etc.

O. D. SKELTON for the . . .

PARTIE 3/PART 3

AVIATION CIVILE

CIVIL AVIATION

424.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*

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

DESPATCH 418

Washington, March 29, 1938

Sir,

I have the honour to refer to your despatch No. 131 of March 15th<sup>1</sup> concerning the plans for the completion of the Trans-Canada airway route passing through the State of Maine. It will, I presume, be necessary to secure from the United States authorities permission both to fly over this portion of United States territory and to effect landings at any point or points on the route which may subsequently be designated.

<sup>1</sup> Non reproduites/not printed.

2. As you state in your despatch such permission was granted under similar circumstances by the United States Government during the period when Canadian Airways Limited was operating over this territory. At that time permission was obtained by means of a note from the Secretary of State dated July 20th, 1930. I have in the course of informal conversation with State Department officials ascertained that a new application for permission will be necessary which will have to be referred to Congress for final decision. I should therefore be glad to receive your instructions at your earliest convenience as to whether representations in this sense should be addressed to the Secretary of State.

3. With regard to the suggestion contained in your despatch that the United States Department of Commerce might be intending to carry out airway developments in the State of Maine which could be used by Trans-Canada Air Lines in passing over this territory, a member of the staff of this Legation has had an informal conversation with Colonel Johnson, Assistant Secretary of Commerce, on this subject. In addition to Colonel Johnson, Mr. Stanton, Chief of the Airways Engineering Division of the Bureau of Air Commerce, and Mr. A. B. McMullen, head of the Airports Section of the Safety and Planning Division of the same Bureau, were present throughout the conversation. It was pointed out by these officials that the Department of Commerce had not under consideration any important developments such as the installation of radio stations, etc. in this section of Maine. The only funds available for improving existing airports in this area were W.P.A. funds which are already being employed for minor developments at various points. In this connection I enclose a memorandum<sup>1</sup> prepared by the Bureau of Air Commerce outlining briefly any projects recently undertaken or under consideration for the improvement of airports on this section.

4. In view of the fact that no extensive improvements are at present contemplated at airports in this region, Colonel Johnson stated that the United States authorities would not feel justified in expenditures undertaken in this area for the sole benefit of Trans-Canada Air Lines unless the Canadian authorities were prepared to consider expenditure of a similar nature for the benefit of a United States line operating over Canadian soil. Colonel Johnson said that the possibility of such a reciprocal arrangement had been discussed informally between himself and a member of the Canadian delegation during the recent conference on civil aviation held in Washington. Colonel Johnson mentioned in a general way the desirability of certain developments at points on Canadian soil along a projected air route from Seattle to Ketchikan, Alaska. He appeared to consider that expenditure by the Canadian authorities for facilities along this route which would be employed by United States planes and aviators would constitute a quid pro quo for improvements undertaken by the Department of Commerce for the benefit of Trans-Canada Air Lines in the State of Maine.

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<sup>1</sup> Non reproduit/not printed.

5. The Bureau of Air Commerce officials were of the opinion that the landing field at Brownville, Maine, would require very considerable outlay to make it suitable for twin engine aircraft. While of course they did not wish to proffer advice on a point which concerned the Trans-Canada Airways and the Department of Transport they made it sufficiently plain that in their opinion Millinocket, which as you will observe from the map lies approximately 100 miles north-east of Brownville, offers a site for an intermediate aerodrome superior to Brownville. They pointed out that the route via Millinocket across Maine to Moncton, New Brunswick, was more direct than that via Brownville, as the latter route would entail making a wide loop to the south. While it was admitted that Millinocket lay in close proximity to a more mountainous region, Department of Commerce officials pointed out that planes would be flying high by radio direction and they indicated that under these circumstances the mountainous nature of the country would present no obstacle. They added that in their opinion it would be easier to convert the airfield at Millinocket into a satisfactory field for twin engine planes than it would be to make a similar development at Brownville. I am not qualified to give any opinion as to the merits of the technical arguments in favour of Millinocket as opposed to Brownville as a satisfactory site for an intermediate aerodrome. I merely mention for your information these views which were informally expressed by Bureau of Air Commerce officials. It may be added that whereas the Brownville field is a site which would not be employed by any United States lines, Millinocket is used as a landing field by the Boston-Maine Airways Inc. on their Bangor to Caribou route. There is thus an obvious advantage from the United States point of view in preferring Millinocket to Brownville as any improvements made at the former point could be utilized by the Boston-Maine Airways as well as by Trans-Canada Air Lines. This latter fact would I presume have to be taken into account in any reciprocal arrangements for expenditure by the two governments of the type suggested by Colonel Johnson.

6. Colonel Johnson raised another point with reference to the necessity for lighting facilities being installed along the route to be used by Trans-Canada Airways across the State of Maine. He asked whether it was intended that this route should be regularly employed in night flying.

7. I may add that the conversation outlined in this despatch was of a very general and informal character. The member of the staff of this Legation restricted himself to attempting to ascertain the views of the Department of Commerce without advancing any opinion as to the attitude which might be taken by the Canadian Government. I should be glad to be informed of the views of the interested departments of the Canadian Government regarding the questions involved and to receive your further instructions in this matter.

I have etc.

HERBERT M. MARLER

425.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 305

Ottawa, June 1, 1938

Sir,

I have the honour to refer to your despatch of the 29th of March, 1938, No. 418, concerning the plans for the completion of the Trans-Canada airway route over the State of Maine. This matter has been the subject of detailed discussion with representatives of the Department of Transport, and I am enclosing herewith, for your information and guidance, a Memorandum<sup>1</sup> prepared by the Controller of Civil Aviation. This Memorandum will be of assistance to you in placing the Canadian point of view before the officials of the United States Government.

With reference to the point raised in the second paragraph of your despatch under reference, you are authorized to bring to the attention of the Secretary of State that the permission granted in 1930 by the United States Department of Commerce and the Governor of the State of Maine was general in its terms. It has always been regarded as admitting the principle of allowing the passage of Canadian civil aircraft over the State of Maine. It was not limited to any particular time, number of schedules, or other details. It was, of course, recognized that a licence or permit covering such details would be necessary when the time came to operate the airway.

There can be no objection to the United States insisting on a detailed form of permit of this kind but as the principle of permitting the right of passage was freely admitted by both the Federal and State Governments in 1930, without limitation of time, it is felt that this principle should not now be subject to review, especially as the Canadian Government, on the strength of the general permission granted, has incurred very considerable expenditures on this particular route.

If the United States authorities will state what form the application should take, arrangements will be made for Trans-Canada Air Lines to submit their application, giving full details of the service they propose, the facilities they require, the number of schedules, and other pertinent details.

In view of the great importance of this question and of the desirability of an early and final settlement, it has been deemed advisable to have available in Washington a member of the staff of the Department of Transport who is fully qualified to advise you on all aspects of the problem. Such an officer will, I believe, be of real assistance in your negotiations. No appointment for this purpose has yet been made, but I hope to be able to advise you

<sup>1</sup> Non reproduit/not printed.

further in this regard within the next few days. In the meanwhile an examination of Mr. Wilson's Memorandum will enable you to familiarize yourself with many aspects of the problem.

I have etc.

O. D. SKELTON for the . . .

426.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 1248

Washington, September 20, 1938

Sir,

I have the honour to advise you that Dr. Riddell accompanied by Mr. Ritchie called upon the Chairman of the Civil Aeronautics Authority, Mr. E. J. Noble, yesterday afternoon to discuss the application on the part of Trans-Canada Air Lines to fly over a portion of the State of Maine between Megantic, Quebec and McAdam, New Brunswick. Mr. Harlee Branch, Vice-Chairman of the Civil Aeronautics Authority and Mr. Sidney Smith of the International Communications Division of the State Department were present as well as Mr. Sumnter Smith of the Air Safety Board of the Civil Aeronautics Authority, Mr. Guthrie, Chief Counsel of the Authority and Mr. Gates of the legal staff of the Authority.

2. Dr. Riddell in opening the discussion thanked the Chairman of the Aeronautics Authority for the early opportunity of discussing the question of the three applications from Trans-Canada Air Lines which had been referred to the Authority. These applications had now been before the United States Government since June although informal discussions had taken place early in the year and the Canadian Government desired that these applications should receive as early consideration as possible, especially the one to fly over the State of Maine.

3. Dr. Riddell recalled that this exchange of permission to fly over one another's territory was not something new; that Canada had granted the first permission to the United States as early as 1923 and since that time had granted eight other permissions; that a United States company already enjoyed the same privilege over Canadian territory in the air route from Buffalo to Detroit via the southern portion of Ontario as they were asking over the State of Maine; that not only had the Canadian Government granted permission to fly but permission to build emergency airports; and that even at its own expense had established certain beacons along the route. Canada had asked for few permissions. It was therefore with some surprise that they had learned from the Department of Commerce that a new application would be required as this was the first time as far as his knowledge went that a new application had been requested.

4. He then pointed out that the application was not actually for a new authorization since permission to fly over the State of Maine had been granted in 1930 and the Canadian air service had used the route until 1932 when owing to conditions arising out of the Depression the service had been temporarily discontinued. In the meantime, however, rapid progress had been made in completing the construction of the Trans-Canada air route. Airports and other aids to navigation on the western section had been so far completed by this summer that the Minister of Transport was able to make a first flight over the western section from Montreal to Vancouver. It was now hoped speedily to complete the eastern section and it was for this reason that he was urging on behalf of the Canadian Government an early and favourable decision on the application concerning flying over Maine.

5. At the conclusion of Dr. Riddell's remarks Mr. Branch, Vice-Chairman of the Civil Aeronautics Authority, gave a somewhat lengthy statement regarding past policy of the United States Government with regard to air lines crossing the borders between Canada and the United States. He gave it as his view that permits granted by the Canadian Government to United States Air lines to fly over Canadian territory had always implied a reciprocal clause, that is to say that it had always been understood that any privileges granted by the Canadian Government in these matters would be counter-balanced by similar permissions to Canadian companies to fly over the same routes through territory of the United States. This statement was however corrected by other United States officials present. Mr. Branch had apparently brought forward this view of the matter in order to prove that the privileges enjoyed by United States air lines in flying over Canadian territory were already counter-balanced by the tacit arrangement enabling Canadian companies to operate over these same routes to points in United States territory.

6. Mr. Branch then took up the Canadian argument from another angle and stated that the permits to United States air lines had only been granted in the first place because Canadian lines were not then sufficiently organized to fly over these portions of Canadian territory and therefore Canada had been only too glad to receive the services given by the United States lines.

7. Mr. Branch suggested that the whole question of various United States and Canadian civil aviation projects entailing passage over each other's territories should be dealt with in the course of a general discussion in which the whole field would be covered and a series of agreements might be drawn up based on reciprocal give and take.

8. All these general arguments advanced by Mr. Branch formed a prelude to his specific suggestion which was one already advanced by the Department of Commerce in earlier discussions, viz, that permission to fly over the State of Maine should be regarded as a quid pro quo for permission for United States air lines to operate their new airway along the Pacific Coast from Seattle, via Ketchikan, to Juneau, Alaska. He stressed the importance on strategic grounds of this line of communication between United States and

Alaskan territory and he said that it was regarded as of vital importance by the Government of the United States. He then said that application for permission to fly along this route had been filed at Ottawa about the same time that our applications for Trans-Canada Air Lines had been filed at Washington. The route over Canadian territory would cover, he said, an area of about 300 miles in comparison with approximately 200 miles of the State of Maine covered by the projected Trans-Canada Air Lines route. In this way the two projects would appear to be roughly comparable. United States officials were obliged to admit however that the various facilities required along this Alaskan route in the way of beacons, emergency landing fields, etc., would be considerably greater than those required by Trans-Canada Air Lines in the State of Maine.

9. I may call to your attention that the suggestion that the projected United States route from Seattle to Alaska should be regarded as a quid pro quo for the Trans-Maine route of Trans-Canada Air Lines was advanced by Colonel Johnson of the Department of Commerce in the course of unofficial conversation with a member of the staff of this Legation last March. This conversation was reported to you in my despatch No. 418 of March 29 and in the memorandum from the Controller of Civil Aviation enclosed with your despatch in reply No. 305 of June 1, it was pointed out that the Canadian authorities while deprecating the principle of strict reciprocity in granting such permission felt that on that basis the permission granted to a United States air line to fly over western Ontario between Buffalo and Detroit should be regarded as a quid pro quo for the proposed permission to fly over Maine.

10. Dr. Riddell mentioned this point in the course of discussion but the value of this permission as a quid pro quo for the Trans-Maine route was rather discounted by United States officials.

11. Dr. Riddell then re-stated the attitude of the Canadian Government that permission to operate air services to the common advantage of the two countries should not be upon a basis of quid pro quo in each case and that the Canadian Government had not taken this attitude in the past and had not demanded reciprocal advantages for the various permissions granted to United States lines.

12. It seemed clear however that the United States attitude as expressed not only by Mr. Branch but by Mr. Smith of the State Department and other officials present was that permissions granted by the United States Government would be granted on a basis of reciprocity. Mr. Smith pointed out that this was the United States principle in dealing not only with Canada but with other foreign countries requesting permission to fly over United States territory.

13. A further point was raised by United States officials with regard to the route over the State of Maine. It was stated that the State authorities of the State of Maine were anxious that the Trans-Canada route should be via Millinocket in view of the fact that Millinocket is already a landing field of

the Boston-Maine Airways Incorporated who could thus utilize any improvement made in the landing field. With regard to this suggestion, Mr. J. A. Wilson in his memorandum of April 4 referred to above has already stated the reasons which have induced the Department of Transport to decide not to use Millinocket as an emergency landing field but to prefer Brownville for this purpose. This point was made clear by Dr. Riddell in the course of discussion.

14. Dr. Riddell also stated that while he had no reason to suppose that the Canadian Government were opposed to granting permission for United States lines to operate between Seattle and Juneau, Alaska, in view of former Canadian practice of granting United States requests of this nature, he did not feel that he could accept the principle of the Alaskan route being considered as a quid pro quo for the Trans-Canada route across Maine. He then suggested that an official of the Department of Transport might come to Washington to advance the Canadian views and that a further meeting might be held for more detailed discussion.

15. The Chairman of the Civil Aeronautics Authority closed the meeting by saying that the Authority would convene at an early date to consider the Canadian request for permission to fly over Maine and that they would give close consideration to the views which had been expressed especially on the point of principle as to whether strict reciprocity should govern the granting of permission for air lines between Canada and United States in the future.

I have etc.

HERBERT M. MARLER

427.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 1250

Washington, September 21, 1938

Sir,

With reference to my despatch No. 1248 of September 20th I have the honour to advise you that Mr. Branch the Vice-Chairman of the Civil Aeronautics Authority today informed Dr. Riddell that the Chairman and he had been considering further the representations which had been made to them on Monday. They had decided, he said, that they would recommend to their colleagues at the next meeting of the Civil Aeronautics Authority which is expected to take place within a week that the application of the Trans-Canada Air Lines should receive favourable consideration and a permit should be issued granting the right to fly over the state of Maine subject to the usual regulations governing air services but without any reference to any application which the United States Government may propose to make in the



future. The Vice-Chairman said further that they would be ready to discuss at an early date the details involved in completing the Trans-Canada air route over the State of Maine.

2. I shall not fail to keep you informed of further developments.

I have etc.

HERBERT M. MARLER

428.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 136

Washington, January 31, 1939

Sir,

With reference to my despatch No. 1501 of December 1st,<sup>1</sup> I have the honour to advise you further concerning the delay of the Civil Aeronautics Authority in issuing the permit to Trans-Canada Air Lines to fly over the State of Maine.

2. The difficulties raised by the State of Maine continue to delay the issuing of the permit, and in order to avoid litigation on the constitutional issues involved the Civil Aeronautics Authority have been in informal conference with the representatives of the State of Maine in Congress. It is now proposed shortly to convene at Washington a conference between the Authority and the Governor and certain officials of the State of Maine. It is hoped in this way to reach a settlement which will enable the Authority to issue the permit to Trans-Canada Air Lines with the least possible delay. The Authority has been most embarrassed by the challenge to its jurisdiction which involves not only its right to grant a permit to Trans-Canada Air Lines but to all other foreign air lines. They are confident that if the case is taken into the Courts they will obtain a favourable decision; on the other hand they realize that this would involve long litigation.

3. As has previously been pointed out, both the Authority and the State Department are favourable to the immediate granting of a permit to Trans-Canada Air Lines. The opposition, which for a time seemed to come from the Department of Commerce, is no longer in evidence. Your despatch No. 169 of November 2nd 1938,<sup>1</sup> advising the United States Legation in Ottawa that the Department of Transport would be prepared to consider favourably an application from Pan-American Airways for permission to operate an air transport service between Seattle and Alaska along a route off the coast of British Columbia, seems to have prevented any further opposition coming from the Department of Commerce. It would seem, therefore, at the present time, that the Federal Administration is definitely favourable to the issuing of a permit to Trans-Canada Air Lines.

<sup>1</sup> Non reproduites/not printed.

4. It is more difficult to account for the opposition from the State of Maine in view of the fact that in 1930 the Governor expressed willingness to cooperate. It is possible that there may be political reasons and that the Republican Administration in Maine would like to embarrass the Democratic Administration in Washington. It is possible that opposition may have arisen in the State of Maine from the desire of certain interests to have Millinocket chosen as a Canadian emergency landing field rather than Brownsville [*sic*]. These reasons, however, would not seem to be sufficient to have called forth what a member of the Authority described as "formal and formidable documents from the State of Maine", asserting States' rights in the granting of permits to fly over their territory. It would almost appear that certain powerful aviation interests are using the State of Maine for bargaining purposes in the scramble for international air routes.

5. As you may know, United States interests are annoyed at the delay in inaugurating the North Atlantic air service between United States and the British Isles. I am informed that the enquiries from the United States made last November as to when the Imperial Airways would be ready to begin the service are still unanswered. It does not seem improbable that the State of Maine is being used by these interests to block the granting of a permit to Canada, hoping that it might be possible through this pressure to obtain Canada's support in an attempt to influence the British to allow the United States airways to inaugurate the service at once. In the negotiations both with the State Department and the Civil Aeronautics Authority it has been made clear that the application for the present permit is a matter of concern solely to the United States and Canada, and the internal or international complications of the former should not affect the consideration of the application of Trans-Canada Air Lines for a permit.

6. In view of all the circumstances it would seem advisable that the Legation should now make further representations to the State Department and inform it that the plans for the completion of the Trans-Canada air service are being delayed and asking formally the reasons why the permit in question is not forthcoming.

I have etc.

HERBERT M. MARLER

429.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 198

Washington, February 11, 1939

Sir,

With reference to my despatch No. 136 of January 31st 1939, I have the honour to advise you that the Civil Aeronautics Authority and repre-

representatives from the State of Maine met on February 9th to discuss the questions arising out of the application of the Trans-Canada Air Lines for a permit to fly over the State of Maine.

2. The greater part of the morning session was taken up in hearing complaints from the representatives of Maine about Canada's treatment of her railway property in Maine, especially the docks at Portland. Mr. Mason, a member of the Authority, who informed me of what took place, implied that the Authority did not share the point of view of the representatives of the State of Maine and did not consider that these criticisms had any place in the present negotiations.

3. Mr. Mason further pointed out that they had discussed at some length the question of a suitable landing field in the north of Maine, and that the representatives of Maine considered that the only satisfactory landing field for planes of the type which Trans-Canada Air Lines propose to use (high speed twin-engined aircraft) was at Bangor, Maine. Other landing fields mentioned were at Millinocket and Brownville. But it was stated that to put these fields into satisfactory condition would entail considerable expenditure in which the representatives of Maine felt they would require federal assistance. For this reason and because they expressed a strong preference for Bangor as a port of call on the trans-Canada air route, the representatives of Maine urgently recommended the use of this landing port. Speaking from the standpoint of the Civil Aeronautics Authority, Mr. Mason thought that it would be easier to obtain the consent of the representatives of Maine if he could inform them that Canada was willing to designate Bangor as a port of call. As a practical aviation expert, however, he considered that no doubt the Trans-Canada Air Lines would not want to establish a port of call at Bangor unless there would seem business to justify it.

4. I informed him that the application for the permit asked only for permission to fly over the State of Maine with the right to land in case of emergency and that for technical reasons Trans-Canada Air Lines would prefer Brownville to Millinocket or Bangor because it was close to the Canadian railway across Maine. I said, however, that I should be glad to advise the Canadian Government on this point.

5. It would appear from Mr. Mason's statement that the representatives from Maine seemed to be of the opinion that if either Brownville or Millinocket were used as an emergency landing field they would be expected at their expense to put the field into satisfactory condition for the landing of the type of aircraft contemplated in the application.

6. Our files are not very clear as to whether or not the United States authorities are expected to bear the expense of putting the Brownville landing field in condition. I should be glad, therefore, to be advised whether or not the Trans-Canada Air Lines would consider making Bangor a port of call and if not, whether they would assume the financial responsibility of putting the field at Brownville in condition to meet their requirements.

7. Taking into consideration a conversation I had with the Minister of Transport at Ottawa the week of 16th January last—and all the other circumstances heretofore related in this despatch—it would seem to your officers at the Legation that if this matter is to be concluded at an early date the following is the best advice to give you, namely, that we continue to press for the granting of the application of the Trans-Canada Air Lines in its present form and assume responsibility for conditioning the air field at Brownville. It may be that that responsibility has not been contemplated by the Dominion Government and in so recommending it may be considered that we are presuming. We do so because it is our belief that if we do assume such responsibility it will assist the State Department very materially in pressing for an immediate favourable decision in respect to our application. This is our belief but is not quoted as a certainty. In addition it is our understanding that under somewhat similar circumstances some United States corporation assumed the financial responsibility in respect to the landing fields at Jarvis and Strathburn on the Buffalo-Detroit route. Hence it does not seem entirely improper in respect to the granting of permission to Trans-Canada Air Lines to fly over the State of Maine for us to do likewise. Approaching the State Department as indicated in this numbered paragraph of this despatch will in our opinion aid very considerably and in addition will strengthen our claim for the reason we are placing it on all fours with similar permissions granted by us to fly over southern Ontario.

I have etc.

HERBERT M. MARLER

430.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 121

Ottawa, March 7, 1939

Sir,

With reference to my despatch No. 98 of February 21, 1939,<sup>1</sup> regarding Trans-Canada Air Lines application for a permit to fly over the State of Maine, I have the honour to state that, in view of the information furnished by Mr. Riddell by telephone on February 28th, it is agreed, after consultation with the Department of Transport, that you should now make further representations to the State Department in the sense of paragraph 6 of your despatch No. 136 of January 31st.

2. Should such representations fail to produce the desired permit in the near future, it is felt, in view of the increasing urgency of the matter, that it may become desirable to revert to the idea of sending representatives of

<sup>1</sup> Non reproduite/not printed.

the Department of Transport to Washington to discuss this question as to the State of Maine with the Civil Aeronautics Authority, as suggested in my despatch under reference.

I have etc.

O. D. SKELTON for the . . .

431.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

TELEGRAM 27

Ottawa, March 21, 1939

My despatch No. 121, March 7, 1939. Trans-Canada Air Lines application for permit to fly over Maine.

In view of necessity to be sure of our position in preparing this year's Trans-Canada program as soon as possible, we hope the State Department will be able to arrange very shortly for the granting of this permit.

From our recent informal correspondence it appears that Civil Aeronautics Authority have indicated apprehensions that if they granted a permit to fly to Juneau or over the State of Maine they might be taken as granting a permit to Imperial Airways to go through Alaska and thence to Australia. The Canadian Government has never sought permission to fly into Juneau. The only point in Alaska for which a permit has been asked is Fairbanks. The Canadian Government entirely recognizes that any permit granted to Trans-Canada now to fly to any point in United States or Alaska or over the State of Maine would be limited in scope to the terms of the permit itself, just as any permit granted by the Canadian Government to any United States company would be subject to the same limitation. Imperial Airways possesses no interest whatever in Trans-Canada Air Lines which is wholly owned by Canadian National Railways Company. Any future question as to Trans-Pacific flying, by Imperial Airways or any other company, would be a separate matter standing on its own feet. If it would be useful to inform the United States authorities in the sense of this paragraph, you are at liberty to do so.

432.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 460

Washington, March 25, 1939

Sir,

I had hoped today to have been able to write you a note saying that the permission for the Trans-Canada Air Lines to fly over the State of Maine had

been granted as indicated in my telegram No. 18 of 22nd March instant.<sup>1</sup> Unfortunately I am unable to do so.

2. The State Department however in discussing another matter with me over the telephone this morning took occasion to particularly mention that it—the State Department—was doing its utmost to have the permission granted and hoped in a day or so to be able to send this Legation a favourable answer.

3. In the course of my conversation with a high official of the State Department I was told however that Mr. P. G. Johnson Vice President in Charge of Operations of the Trans-Canada Air Lines had been in Washington and had been in direct touch himself with the Civil Aeronautics Authority. May I most respectfully indicate that the Counsellor of this Legation has for several months been in touch with all the authorities necessary in respect to the proposed permission. He has had endless patience. In my belief the advice he has suggested in our despatches has been the correct advice to follow. You will recall that a part of that advice was that in the meantime it would be preferable not to send technical officials to Washington. Apparently Mr. Johnson came to Washington. He did not report at this Legation nor would we have known of his presence here had not the State Department so informed us—nor do we know what he has told the Civil Aeronautics Authority.

I have etc.

HERBERT M. MARLER

433.

*Le sous-ministre du Transport au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Transport to Under-Secretary of State  
for External Affairs*

Ottawa, March 31, 1939

Dear Sir,

I beg to acknowledge receipt of despatch No. 460 of the 25th March, 1939, from the Canadian Minister to the United States, with regard to negotiations for the privilege of flying over the State of Maine, and am very sorry that the Legation should apparently feel that we have duplicated any of their much appreciated efforts in these negotiations.

I think, perhaps, they are under the misapprehension that this department, in spite of the Legation's recommendation that no one be sent to Washington,

<sup>1</sup> Non reproduit/not printed.

sent Mr. Johnson, Vice President in Charge of Operations, Trans-Canada Air Lines, down there for the purpose of carrying out separate negotiations. Such is, of course, entirely erroneous. Mr. Johnson happened to be going to Washington on his own business, and whilst there in his capacity as head of Trans-Canada Air Lines, called on the Civil Aeronautics Authority to see how matters stood, and to try and get some idea as to when they might expect to get authority to start operations down east, and being personally acquainted with some of the authorities from the State of Maine, it might well be that he has been able to give them a point of view which would tend to a more favourable attitude on their part towards the proposal.

Yours faithfully,

V. I. SMART

434.

*Le sous-ministre du Transport au ministère des Affaires extérieures*  
*Deputy Minister of Transport to Department of External Affairs*

Ottawa, March 31, 1939

Dear Mr. Christie,

With reference to our conversation regarding the recent visit to Washington of Mr. Philip Johnson, Vice President in Charge of Operations, Trans Canada Air Lines, when he discussed with some officers of the Civil Aeronautics Authority, Washington, the matter of flying over the State of Maine, I enclose herewith copy of his report to the President of Trans Canada Air Lines.

Mr. Johnson has no official status in this matter insofar as the Government is concerned, and was merely acting as the head of the operating company interested in the Montreal-Moncton run.

The remarks made by the Maine representatives to the effect that the Boston-Maine Airways be given the privilege of flying into Moncton to offset the privilege given the Trans Canada Air Lines to fly over Maine, is not concurred in by this department. If it is a question of reciprocity, the reciprocal privilege should be the right now enjoyed by United States air lines to fly across the Province of Ontario.

Generally speaking, and unless some unforeseen points arise, this department would have no objection to permitting the Boston-Maine line to operate into Moncton, but in granting this privilege, we would feel that we are entitled to corresponding privileges on some other run, in return.

Yours faithfully,

V. I. SMART

[PIÈCE JOINTE/ENCLOSURE]

*Mémemorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

Montreal, March 29, 1939

Memorandum of Conference with the  
State of Maine Delegation, held in  
Washington, D.C., on Tuesday,  
March 28th, 1939.

The conference was held in the Senate Office Building, in the office of Senator White from the State of Maine. There were present:

Senator White,  
Representative Brewster,  
Representative Oliver,  
Representative Smith,  
representing the State of Maine.  
G. Grant Mason,  
Edward P. Warner,  
representing the Civil Aeronautics  
Authority.  
P. G. Johnson,  
representing Trans-Canada Air Lines.

The conference was called for 9.00 a.m., and Mr. Mason outlined to the Maine delegation what the problem was, i.e. that the Civil Aeronautics Authority, as the licensing authority, was ready to grant permission to Trans-Canada Air Lines to fly over the State of Maine, but had not issued such permission because of the opposition which had come from the Maine delegation. He stated that the purpose of this meeting was to see if the matter could be clarified.

Mr. Mason called the attention of the delegation to the fact that Canada, in every case where similar permission had been requested by United States companies, had acceded, and that the Civil Aeronautics Authority thought it was only fair to grant this permission to Trans-Canada Air Lines.

Senator White advised that the objection was perhaps a sentimental one in that the authorities of Maine felt it was their province to grant such

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<sup>1</sup> De P. G. Johnson, le vice-président chargé des Opérations, les Lignes aériennes Trans-Canada.

By P. G. Johnson, Vice-President in charge of Operations, Trans-Canada Air Lines.



permission. They further felt that if the permission were granted, Trans-Canada Air Lines should have a stop in Maine.

Representative Oliver more or less seconded Senator White's statements, and brought out the railroad situation as it affected Portland, Me., with particular reference to the Canadian National Railways and Canadian Pacific Railway.

Representative Brewster indicated that he was willing to withdraw his objection, provided he could go to his constituents and offer some compromise plan.

Representative Smith very definitely stated that he thought the whole procedure was silly and that the permission should be granted without any qualifications whatsoever. He further stated that inasmuch as the line of flight would be over his district, he felt his statement should be given some weight.

I called the attention of the conference to the fact that we had never considered a stop in Maine for several reasons, the principal one being that the normal flow of traffic from any point in the State of Maine adjacent to our proposed route was not over Trans-Canada Air Lines but rather over an existing United States airline (Boston-Maine Airways) towards the south. I further pointed out the difficulties which would be incidental to such a stop, due to Customs and Immigration, and further informed them that if a regular stop were made it would have to be at some point like Millinocket, and I rather questioned the advisability due to the lack of traffic and also the necessity for improving the field at that point over and above its present condition, the expense of which would have to be borne by either the State of Maine or the United States Government. The field in its present condition can be used only for emergencies.

I called the attention of the conference to the fact that Canada was providing full radio ranges and lighted fields, suitable for Lockheed 14-H equipment, at Megantic and at Blissville, and that these facilities would be available to United States airlines, at least in emergencies and as alternate fields in case of bad weather. I advised the conference that we could not consider under any circumstances a landing at Bangor and further that the United States airline (Boston-Maine Airways) presently serving that district had entered a violent protest against our landing at this point. The protest was read to the meeting by Mr. Mason.

I informed the conference that as far as Trans-Canada Air Lines was concerned, they would offer no objection to giving Boston-Maine Airways, or any other airline, permission to land at say Moncton, and that I felt the authorities in Ottawa would not object.

The meeting lasted for about an hour and a half, and at its conclusion Senator White agreed to write a letter to the Governor of Maine, and Repre-

sentative Brewster was to deliver this letter and have further discussion with the Governor. I am of the opinion that the objections of the Maine delegation will be withdrawn, in which event the Civil Aeronautics Authority stands ready to grant the permission desired.

I had definite information prior to the meeting from an official of Boston-Maine Airways to the effect that if they could be reasonably assured there would be no objection on the part of the Canadian authorities to the granting of permission for an American airline (presumably Boston-Maine Airways) to obtain landing privileges at Moncton, that would satisfy them. Trans-Canada Air Lines can have no valid objection to such permission being granted.

435.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 522

Washington, April 1, 1939

Sir,

With reference to my despatch No. 460 of March 25th 1939 regarding the permission for Trans-Canada Air Lines to fly over the State of Maine, I have the honour to advise you concerning the present situation.

2. The Counsellor has had a conversation this morning with Mr. Mason, member of the Civil Aeronautics Authority, who told him he expected that it would be possible for the Commission to take a final and favourable decision regarding the application of Trans-Canada Air Lines by the middle of next week.

3. This week conversations have been going on between members of the Commission and Senator White of Maine and Representative Brewster of Maine and they believe that a satisfactory arrangement will be arrived at with the State of Maine. Representative Brewster is conveying this weekend personally a letter from the Civil Aeronautics Authority to the Governor of the State of Maine which, I understand, has been drawn up in agreement with Senator White and Representative Brewster. The Civil Aeronautics Authority believe that the Governor will agree to the granting of the permit to Trans-Canada Air Lines without any conditions whatsoever.

5. [*sic*] It would appear, therefore, that the situation which has arisen in connection with the application of Trans-Canada Air Lines for a permit to fly over the State of Maine is about to be settled satisfactorily.

I have etc.

HERBERT M. MARLER

436.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 185

Ottawa, April 5, 1939

Sir,

With reference to your despatch No. 460 of March 25, 1939, regarding the application of Trans-Canada Air Lines to fly over the State of Maine, I am enclosing copies of two letters of March 31st from the Department of Transport.

2. As you will see, the Department of Transport have no lack of appreciation of the efforts of the Legation in these negotiations; and it appears that Mr. Johnson's visit to Washington had no relation to the idea of sending technical officials of the Department of Transport to Washington, which has been referred to in our correspondence upon this matter. Mr. Johnson is not an official of the Department of Transport or of the Government, and I understand that he was in no sense authorized to represent or speak on behalf of the Department.

3. At the same time I can appreciate your feeling some anxiety on learning, in the first instance, through the State Department that Mr. Johnson had been in conversation with the Civil Aeronautics Authority. I understand that on the occasion of his last visit to Washington the Department of Transport tried to reach him by telephone to suggest that he call at the Legation, but unfortunately were unable to do so. I understand, further, that the Department of Transport will discuss the situation with Mr. Johnson and arrange that, whenever he may propose to discuss with the Civil Aeronautics Authority, on behalf of the Trans-Canada company, any of its applications pending before the Authority, he will make the Legation aware of his visit and will be ready to discuss matters with the Legation should any such discussion be necessary.

4. Along such lines I feel confident that no misunderstandings will arise in the future and that no negotiation on behalf of the Government will be prejudiced. When Mr. Johnson speaks to the Civil Aeronautics Authority he will speak only on behalf of the company and will have no intention of attempting to speak on behalf of the Department of Transport or of the Government, and what he says will naturally not commit the Government. On the other hand it is possible that such conversations may have their advantages, from the Government's viewpoint, and it seems likely that the information which he may be able to furnish to the Authority directly as to the company's operations will facilitate the progress of its applications rather than otherwise. I may mention here that during the past three years representatives of

Pan American Airways have come to Ottawa on a number of occasions to discuss with the Department of Transport matters connected with their application to fly into and over Canada in connection with the trans-Atlantic air service. They have held these discussions directly with officials of the Department of Transport without officials of the United States Legation here being present; though I understand the Legation have usually been aware of the visits.

5. I need scarcely say I am confident that you and the members of the Legation have made every effort in connection with the various applications now pending before the Civil Aeronautics Authority including the application relating to Maine, and I share the Department of Transport's appreciation of those efforts.

I have etc.

O. D. SKELTON for the . . .

437.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 536

Washington, April 5, 1939

Sir,

With reference to my despatch No. 522 I wish to advise you further concerning the application of Trans-Canada Air Lines for a permit to fly over the State of Maine.

2. Mr. Mason of the Civil Aeronautics Authority yesterday told the Counsellor that he expected the Civil Aeronautics Authority at its meeting on Friday to grant the permit and that arrangements had already been made with the Department of State so that the permit would be forwarded with the least delay possible. As far as the Counsellor could gather the last meeting with the Representatives of Maine had been more satisfactory than at previous meetings. It might perhaps seem necessary for some of them in their home constituencies to appear to oppose the granting of the permit by the Federal Government but he inferred from Mr. Mason that this need not be taken seriously.

3. It may now be considered that once the permit to fly over Maine is granted to Trans-Canada Air Lines the way would appear to be clear for a joint technical conference to consider the other outstanding matters. Insofar as the Civil Aeronautics Authority is concerned they would be agreeable to holding this as soon as convenient—possibly within ten days or two weeks after the granting of the permit.

4. In my opinion it would be very desirable to have any experts (as designated in your despatch No. 98 of February 21st) report to the Counsellor of this Legation and advise with him. He has followed all details in respect to the permit in question and is in a position to be of great assistance at any such conference as well as keeping its discussions and decisions directed into the proper channels.

I have etc.

HERBERT M. MARLER

438.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 580

Washington, April 12, 1939

With reference to my despatch No. 536 of April 5th regarding the permission for Trans-Canada Air Lines to fly across the State of Maine, I now have the honour to transmit a note signed on behalf of the Secretary of State of the United States by Mr. R. Walton Moore.

2. The note quotes from a decision of the Civil Aeronautics Authority in which it is stated that, "The Authority, after due consideration of said application, hereby grants the application of Trans-Canada Air Lines to navigate foreign civil aircraft, namely aircraft registered in the Dominion of Canada, non-stop across the State of Maine, in the conduct of a scheduled airline operation, for the carriage of passengers, goods and mail, other than United States mail."

I have etc.

W. A. RIDDELL for the . . .

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

Washington, April 11, 1939

Sir,

I have the honor to refer to your note no. 61, March 13, 1939,<sup>1</sup> and previous correspondence concerning the application of Trans-Canada Air Lines to operate an air service over the State of Maine.

<sup>1</sup> Non reproduite/not printed.

This matter was referred to the Civil Aeronautics Authority for action and I take pleasure in quoting below the Authority's reply.

"The application of Trans-Canada Air Lines, dated June 7, 1938, to fly across the State of Maine, in connection with the conduct of a scheduled airline service between Montreal and Moncton, New Brunswick, heretofore submitted to the Department of Commerce, has been referred to the Civil Aeronautics Authority for attention.

The Authority, after due consideration of said application, hereby grants the application of Trans-Canada Air Lines to navigate foreign civil aircraft, namely aircraft registered in the Dominion of Canada, non-stop across the State of Maine, in the conduct of a scheduled airline operation, for the carriage of passengers, goods and mail, other than United States mail. The permission herein granted is subject to the following express conditions:

1. The flight across the State of Maine shall be non-stop, except in case of emergency.

2. The route flown across the State of Maine shall be a direct air line from Megantic, Province of Quebec, to Blissville, New Brunswick. (Deviations from such route may be made in case of emergency.)

3. The operation shall be subject to all applicable statutes, regulations and the air traffic rules of the United States and of the State of Maine.

4. All aircraft employed in the service over said route shall be possessed of certificates of airworthiness issued by the competent air authority of Canada.

5. All airmen employed in the service over said route shall be possessed of appropriate airman certificates or licenses issued by the competent air authority of Canada, qualifying them to engage in the type of operation to be rendered over said route.

6. The applicant, prior to inaugurating the service over said route, shall submit to the Authority:

(a) A list of all aircraft to be employed in the operation, including the make, model and type, license or certificate number, registration number, international markings, etc.

(b) A brief description of such aircraft, including particularly the radio equipment thereof.

(c) A list showing the names of all airmen to be employed in the service over said route, together with their airman certificate or license numbers.

Said lists shall be kept current, as a condition precedent to the retention of the permission herein granted.

7. The applicant shall keep the Authority advised, at all times, of the frequency of schedules and the hours thereof.

8. The applicant shall designate in writing, and at all times have, an agent resident within the United States, for the purposes specified in and as required by section 1005(b) of the Civil Aeronautics Act of 1938.

9. The Civil Aeronautics Authority reserves the right to impose such further conditions, limitations or restrictions as may be necessary, and to terminate this authorization as the public interest may require."

Accept etc.

R. WALTON MOORE for the . . .

PARTIE 4/PART 4

COMMERCE<sup>1</sup>

TRADE<sup>1</sup>

439.

*Le premier secrétaire au sous-secrétaire d'État  
aux Affaires extérieures (à Londres)*

*First Secretary to Under-Secretary of State  
for External Affairs (in London)*

Ottawa, October 8, 1936

Dear Dr. Skelton,

I am enclosing herewith copy of a personal letter from Hume Wrong of October 2nd reporting an interesting but rather disturbing conversation that he had had with Secretary Hull regarding the revision of the Canada-United Kingdom Trade Agreement.

"Preserving the full integrity of the Agreement with the United States" is, of course, just a paraphrase of the rather unnecessary undertaking in the budget speech to "maintain scrupulously the letter and the spirit" of that Agreement in the forthcoming negotiations with the United Kingdom. If it means anything more than that we shall do everything we promised to do, it means too much. The danger is that we may be jockeyed into a false position between the United States claiming the maintenance of the relationship between preferential and most-favoured-nation rates, effective as from January 1st of this year, and the United Kingdom asking for more or less general restoration of the differential as it existed before the Canada-United States Agreement came into force. Hume is safe in his assumption that there is no possibility that the terms of the new Agreement will be made public before November 3rd but I do not see why we should put off action on the revision of the Agreement until after Congress has had an opportunity to re-enact the Trade Agreements Act.

So far as I know, Cabinet is no nearer consideration of the draft United Kingdom Agreement than it was when you left. In these circumstances, I have felt hesitant about trying to explain to Hume just how matters stand.

Yours sincerely,

NORMAN ROBERTSON

<sup>1</sup> Pour plus amples renseignements concernant les relations commerciales avec les États-Unis voir chapitre II, partie 5.

For further documents concerning trade relations with the United States see Chapter II, Part 5.

[PIÈCE JOINTE/ENCLOSURE]

*Le conseiller, la légation aux États-Unis au premier secrétaire  
Counsellor, Legation in United States to First Secretary*

Washington, October 2, 1936

PERSONAL

Dear Norman [Robertson],

Mr. Hull greeted me this morning by saying that he had just been reading in *The Economist* a statement that the negotiations between Canada and the United Kingdom had resulted in an agreement to cut Canadian duties substantially on a number of important iron and steel products. He said that he very much hoped that any concessions would not deflect the Canadian import trade from the United States to the United Kingdom. He considered this to be a most critical time in the development of his policy of freeing international trade, and he was most anxious that no new ammunition should be given to the critics of the Trade Agreement with Canada.

I told him that there was no prospect of the replacement of the Ottawa Agreement by a new agreement until sometime next year, and that in any negotiations with the United Kingdom we would be, of course, at pains to preserve the full integrity of the agreement with the United States. I added that the discussions with the United Kingdom had been between experts, and that whatever results had been achieved had not yet been passed upon by the Canadian Government; he need not fear that anything would come out before the election which could be used against his policy, nor was anything likely to be published until some months after the meeting of Congress in January. As you know, the Trade Agreements Act expires on June 12, 1937, and he wants to get it renewed before that date and knows that he will have a good deal of difficulty in so doing.

Mr. Hull proceeded to denounce the Australian Government for its action in restricting United States imports. He said their reasons were quite inexplicable to him and seemed based entirely on a cut-throat view of international trade. I told him that we were about to begin negotiations with Australia, and that we did not find it particularly easy to deal with them.

I have not seen the item in *The Economist* to which Mr. Hull referred, and I do not know whether it arises from a leak in London or whether it is merely conjectural.

Yours sincerely,

H. H. WRONG



440.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 1050

Washington, November 3, 1936

Sir,

I have the honour to report that this morning I called on the Secretary of State at his request, accompanied by Mr. Wrong. Mr. Hull opened the conversation by asking me to send you his greetings on your return from abroad and his hopes that you had had a successful trip. He went on to say that he was leaving on Saturday to attend the Inter-American Peace Conference at Buenos Aires and that he would not be back until some time in January. Before his departure he wished me to express to you his views on the urgency of further action being taken to promote international trade. He was gratified by the progress which the policies which he advocated had made both in the United States and abroad. If, as he expected, the present Administration was returned to office by today's election, he believed that he would secure the support of leading men of both parties for further action along the lines on which he had been working since 1933.

2. The next two or three months, however, might well be critical in determining the international situation—whether the present cut-throat course of rearmament and economic nationalism was to be continued in Europe, or whether the world would make a new start towards international prosperity and peace by freeing trade from its shackles. Mr. Hull then outlined his familiar thesis that the only hopeful road to peace was the progressive reduction of trade barriers. He was by no means certain that war would be avoided if this road were taken; but he was sure that war would come if any other course were followed. The lead must be given by the English-speaking countries, particularly by those in authority in London, Washington, and Ottawa. He hoped that during his absence in South America the Canadian Government would make some contribution to the success of this policy, which meant, in practical terms, first the conclusion of trade agreements embodying mutual concessions and based on the most-favoured-nation principle, and secondly frequent assertion of its aims and purposes to appeal to public opinion both at home and abroad. Mr. Hull expressed his disappointment at the exchange agreements concluded by the British Government and at the trade restrictions recently imposed in Australia. He declared that he had refused to sanction proposals involving additional United States exports valued at at least \$100,000,000 because these proposals would have been discriminatory against the commerce of other countries. He hoped that similar resolution would be shown by other governments which were in sympathy with his opinions.

3. At this point Mr. Hull alluded to the Trade Agreement with Canada, saying that he would rather see it perpetuated than all the other thirteen or

fourteen agreements which he had signed. He mentioned his difficulties with the farm bloc and the attempts made during the campaign to discredit the Canadian agreement as damaging to the agricultural interests of the country. He said that he had been discouraged to learn, while he was in the midst of this contest, that Canada had signed a Payments Agreement with Germany which involved "the worst form of bilateralism". He did not wish to make a definite complaint, but only to ensure that you should know what was in his mind in this respect. He made no detailed criticism of the Payments Agreement, but he declared that the bilateral balancing of trade for which it provided was repugnant to the policies he espoused and to what he understood to be the considered views of the Canadian Government. Such advantages as Canada might secure, he thought, would be at the expense of other countries, though he recognized the extremities to which Germany had gone in imposing restrictions on her imports.

4. I assured Mr. Hull that the Payments Agreement with Germany was adopted only in order to meet a special and particularly urgent situation, that it was temporary and transitional, and that it would probably help rather than hinder United States exports by increasing the purchasing power of certain Canadian producers who were heavy importers of equipment and materials from the United States. I added that the Agreement was not to be regarded as an indication of any change in the general commercial policy of the Canadian Government, and that I could assure him that the views which he had expressed concerning both the importance of increasing international trade and the principles which should govern international commercial agreements were believed in as strongly in Ottawa as in Washington.<sup>1</sup>

5. Mr. Hull, whose remarks throughout were expressed in the most friendly manner, expressed his gratification at this assurance, and said that he hoped that he might have an opportunity of discussing the international situation with you personally soon after his return from Buenos Aires.

I have etc.

HERBERT M. MARLER

441.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 1119

Washington, November 28, 1936

Sir,

I have the honour to inform you that some consideration has been given by the Department of State to the future of the Trade Agreement with Canada; no course of action has yet been determined, nor is any decision likely to be reached in the near future. In carrying out the policy of the Administration

<sup>1</sup> Pour plus amples renseignements concernant les relations commerciales avec l'Allemagne voir chapitre IV, partie 3a.

For further documents on trade relations with Germany see Chapter IV, Part 3a.

with respect to trade agreements, the first problem before the Secretary of State, to which all other aspects are subordinated, is to secure the renewal of the Trade Agreements Act, which will otherwise expire next June. When the Secretary of State returns in January from the Inter-American Peace Conference, he will devote himself to this, and there is not much doubt that he will succeed in securing action by Congress. There may, however, be certain amendments to the Act in order to meet some of the criticisms which have been made.

2. An official of the Department of State recently remarked to Mr. Wrong that Mr. Hull was rather disappointed that United States exports to Canada had not increased more rapidly under the Agreement. It is true that during the first nine months of this year the value of Canadian exports to the United States has grown faster than the value of United States exports to Canada. In this period, the total value of the trade between the two countries was \$528 million in comparison with \$437 million during the same period of 1935; the improvement of \$91 million was not equally divided, as Canadian exports rose by \$58 million, while United States exports rose only by \$33 million. The greater improvement in Canadian exports, however, is chiefly to be explained by the movement of wheat to the United States in order to meet the shortage caused by the drought—a situation, of course, which has nothing to do with the Trade Agreement.

3. The report recently issued by the Department of State . . . together with further data just made public by the Department of Agriculture, seems to show that the Agreement has been operating fairly satisfactorily from the Canadian point of view during the first nine months of its existence. Imports from Canada of most of the products on which tariff reductions were granted by the United States have increased roughly in accordance with our expectations when the Agreement was signed. In one or two instances, notably seed potatoes, Canadian exports have been larger than we expected. Among the products of substantial importance on which reduced duties were given in the Agreement, acetic acid and the ferro-alloys alone do not seem to have benefited. During the first six months of 1936 imports of acetic acid from Canada actually declined by \$347,000 compared with 1935, in spite of a reduction in the duty from 2 cents per pound to 1½ cents per pound. Exact figures concerning the ferro-alloys are not available, but imports of them seem also to have declined. There are, of course, few consumers in the United States of these products, and the decline in the trade may be explained as much by the purchasing policy of the consumers under intercorporate arrangements as by the inadequacy of the concessions. Some less important reductions in the United States tariff seem also to have brought about no increase in imports from Canada.

4. The period of six months is too short to judge the effect of the concessions made in the Agreement; and the abnormal crop conditions this year in some instances have distorted the movement of agricultural products included in the Agreement. Doubtless studies are already under way in Ottawa with a

view to assessing the value of the Agreement and determining the possibility of its expansion. I feel fairly confident that the Secretary of State will be ready to give sympathetic consideration to any proposals which we may make for broadening the Agreement, although he will be unlikely to take any public action in this direction until he has secured the renewal of the Trade Agreements Act by Congress. Now that the Presidential election is over we can look further to the future than we could in 1935. We need fear neither the abrogation of the Agreement nor an upward revision of the United States tariff before 1941 at the earliest. The results of the election may be found to have reduced the difficulties which confronted the United States authorities in making some of the tariff reductions which we sought without success last year. The State of Maine, for instance, is not likely to exert as much influence with the Administration as it did before the elections, since it has now a Republican State administration and a solidly Republican delegation in Congress.

5. If the Canadian Government wish to broaden the scope of the Agreement, it would probably be desirable for the prospects to be discussed in general terms with the Secretary of State during the latter part of January or February. I appreciate that any such approach can only be made after careful consideration, and that no clear-cut decision can be reached until the results of a full year's operation of the Agreement can be examined. I appreciate also that the pending renewal of the Ottawa Agreements complicates the situation. I believe, however, that I should bring these views to your attention at this time, since it is desirable that we should take action as soon as we are in a position to do so. There is a better chance of securing new concessions while Mr. Roosevelt's electoral triumph is fresh in everyone's minds; the longer that action is postponed, the more powerful may become the forces opposed to particular tariff reductions. It is felt in some quarters in the State Department that it might be preferable to make a new agreement which would completely supersede the present Agreement, rather than to conclude a supplementary agreement embodying such additional concessions as might be found to be feasible and perhaps some changes in the present Agreement, notably with regard to the administration of the quota provisions.

I have etc.

HERBERT M. MARLER

442.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*

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

DESPATCH 29

Ottawa, January 22, 1937

SECRET

Sir,

I have the honour to refer to previous correspondence respecting the negotiation of a new Trade Agreement between Canada and the United Kingdom, and to report briefly for your information the substance of a num-

ber of conversations with the United States Minister at Ottawa regarding his Government's interest in the scope and character of the new Agreement.

About a fortnight ago, Mr. Armour stated that he had been informed by the State Department that in the trade negotiations with the United Kingdom, the United States Government were finding difficulty in securing reductions of duty on certain of their agricultural and forest exports to the United Kingdom because the United Kingdom was bound under the present Trade Agreements with the Dominions to maintain margins of preference on the commodities in question. The State Department had therefore enquired whether it would be possible for Canada to agree to waiving part of its margin of preference on certain commodities: (Mr. Armour was not aware of the particular commodities they had in mind). In return for this, the United States would endeavour in any revision of the Trade Agreement with Canada to go as far as possible in giving this country's products more favourable tariff treatment in their market.

The Under Secretary told Mr. Armour that one obvious difficulty was that most of the items which were bound in our case were also bound in the case of the other Dominions: that margins of preference on wheat, butter, cheese, apples, pears, canned apples, dried fruits, eggs, condensed milk and copper, for example, were found not only in the Canadian but in the Australian Agreements and, with the exception of wheat, in the New Zealand and South Africa Agreements. A waiver of any of these preferences on our part would not improve the situation of the United States since we would continue to enjoy free entry, and under the Agreements with the other Dominions, the rates on United States and other foreign imports would continue as at present. It was true that there were certain commodities on which preferences were accorded to only one Dominion, for example, lumber and canned salmon in the case of Canada; maize and ostrich feathers to South Africa; tallow and canned meat to Australia, while oranges and grapefruit preferences were granted to South Africa and Australia only. The fact, however, that these were specifically sought by and granted to the several Dominions in question indicated that they were of special importance to those Dominions. Moreover, it would be difficult, in view of the stage that the Canada-United Kingdom negotiations had reached, to arrange any satisfactory triangular deal on the basis indicated.

It was added that we had had no intimation from the United Kingdom that they would wish us to waive our preferences in their market in order to facilitate negotiations with the United States, and in fact, we had no information as to the course of the discussions under way between London and Washington.

Shortly after this conversation, it was learned from the Government of the United Kingdom that they had been conducting preliminary and exploratory conversations with representatives of the United States Government with a view to ascertaining if a trade agreement could be concluded between them. From these conversations it had appeared that certain margins of preference on agricultural products bound in favour of the Dominions

would limit the range of the negotiations with the United States. They felt, therefore, that they would have to ask us to release them from binding a fixed margin of preference in the new Agreement on one item which had not, in fact, been included in Schedules B or C of the Canada-United Kingdom Agreement of 1932, but which the United Kingdom had agreed to include in the corresponding Schedule VI of the new Agreement. In view of the reasons for this request and of the stage that negotiations between Canada and the United Kingdom had reached at that time, the Canadian Government acquiesced, indicating that they were ready to make this contribution to the successful conclusion of trade negotiations between the United Kingdom and the United States.

On Saturday the 15th January, the Under-Secretary of State had a further conversation with the United States Minister who explained that his Government were greatly concerned that the conclusion of a new Agreement between Canada and the United Kingdom confirming the policy of exchanging reciprocal preferences would make their conclusion of a wide-ranging agreement with the United Kingdom more difficult and possibly embarrass their efforts to secure an extension and enlargement of the Trade Agreements Act from the present Congress. Later in the day, Mr. Armour saw the Prime Minister and asked him if he could not issue some statement reaffirming the Government's general international economic policy that would relieve Mr. Hull's worries about Canada's economic orthodoxy which dated from our Payments Agreement with Germany and had been aggravated by the prospect that the new Agreement with the United Kingdom would contain provisions for guaranteed margins of preference.

He recognized that it would be extremely difficult to issue any formal statement on Canadian-American economic relations in the interval between the announcement in the Speech from the Throne that agreement in principle had been reached with the United Kingdom and the tabling of that Agreement in Parliament and admitted that Mr. King could not be expected to anticipate in any way the publication of the text of the United Kingdom Agreement by a general discourse on the theoretical limitations of the policy of imperial preference.

The Prime Minister was, however, anxious to meet the wishes of the United States Government in this matter in so far as the situation would permit his doing so and accordingly decided to insert, in his speech in the House of Commons in the debate on the Speech from the Throne, (Hansard January 18th—pp. 55-56) a statement which he hoped would help to strengthen Mr. Hull's position, particularly in relation to the extension of his Trade Agreements programme. The United States Minister, who was in the Gallery at the time, was greatly pleased with the Prime Minister's references to questions of commercial policy and called the next morning to convey Mr. Hull's appreciation of the action Mr. King had taken.

I have etc.

O. D. SKELTON for the . . .

443.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 117

Washington, February 5, 1937

CONFIDENTIAL

Sir,

I have the honour to refer to your secret despatch No. 29 of January 22nd, 1937, concerning the negotiation of a new trade agreement between Canada and the United Kingdom and the relation thereto of conversations respecting trade between representatives of the governments of the United Kingdom and the United States. The visit to Washington of Mr. Walter Runciman between January 22nd and 27th has naturally drawn a good deal of attention to the prospects of a trade agreement between the United States and the United Kingdom. This has also involved discussion of the trade relations between Canada and the United Kingdom and of the probable terms of the new Anglo-Canadian Agreement.

2. Mr. Runciman spent the weekend at the White House and stayed at the British Embassy during the remainder of his visit. He had lengthy conversations with the President on January 23rd and 24th, during a portion of which the Secretary of State was present. He also conferred at length with Mr. Hull and Mr. Sayre and had brief discussions with the Secretary of the Treasury and other prominent officials. He was accompanied from England only by his private secretary. The visit, described by him as "unofficial" and "social", was not preceded by any diplomatic preparation; neither the State Department nor the British Embassy appear to have known in advance of his arrival what he proposed to discuss with the President and Mr. Hull.

3. While Mr. Runciman was in Washington I had a brief conversation with him and two conversations with the British Ambassador, the first before I saw Mr. Runciman and the second immediately after I saw him. The first conversation with the British Ambassador took place on January 25th. It was entirely unsolicited on my part. In that conversation Sir Ronald Lindsay indicated that the new Anglo-Canadian Agreement might prevent an Agreement being arrived at with the United States. I said I knew nothing of the new Anglo-Canadian Agreement nor had I received any instructions. Sir Ronald also indicated that, even if an Agreement between Great Britain and the United States were negotiated, the present situation in respect to the neutrality laws of this country might under certain circumstances render any such Agreement of little value. As I thought that what the British Ambassador told me in this conversation in respect to the new Anglo-Canadian Agreement was disturbing, I telephoned to Dr. Skelton and received in reply your telegram of January 25th.<sup>1</sup>

<sup>1</sup> Non reproduit/not printed.

4. On January 26th the British Ambassador telephoned stating that Mr. Runciman would see me at the British Embassy, where I went; but as Mr. Runciman volunteered no information I did not think that it would be wise for me to ask any questions. My visit therefore could be called nothing more than a polite social conversation. After seeing Mr. Runciman I had a further conversation with the British Ambassador. This also was in very general terms. He volunteered no particular information. I did ask him, however, if the opinion he had expressed in his previous conversation with me still held. In very general terms he said that he did not think it did, meaning, I assume, that since his first conversation with me he had been given further information which altered his views in respect to the effect of the new Anglo-Canadian Agreement. Beyond what I report above I have nothing of any value at all to tell you which arose out of my conversations with the British Ambassador and Mr. Runciman.

5. It appears from reports in the press and from information which I have gathered from other sources, that the conversations between Mr. Runciman and officials of this Government ranged over a very wide field, and that Mr. Runciman's chief purpose was to seek to create a sympathetic understanding of the economic problems facing the Government of the United Kingdom. Both the President and Mr. Runciman have publicly emphasized the general character of their talks, and Mr. Runciman seems to have had no definite proposals to make. The international monetary situation and shipping questions entered into the discussions, but these chiefly revolved around the possibility of a trade agreement between the United Kingdom and the United States, with a good deal of attention being devoted to the effect of neutrality legislation in this country on Anglo-American commercial relations in time of war.

6. After Mr. Runciman left the White House, he saw the press at the British Embassy on January 25th. He issued no statement at that time, but dealt with such questions as were asked by correspondents. With regard to neutrality legislation, he expressed confidence that the United Kingdom would be able to purchase ample supplies of raw materials in the United States in the event of an emergency. With regard to a trade agreement, he used language which was interpreted widely in the press as meaning that a basis for negotiations had been reached and that the commencement of detailed negotiations would shortly be announced. This impression was in fact considerably more optimistic than the situation warranted, and it has been delicately corrected in later publicity emanating from the State Department and the British Embassy. Sir Ronald told me that, he thought Mr. Runciman's remarks had been "too glowing". In a formal statement issued by the British Embassy on Mr. Runciman's departure it was said that "further exploration will be necessary before it can be determined whether there is a firm basis upon which detailed negotiations can take place for a reciprocal trade agreement"—a statement echoed by President Roosevelt at a press conference on January 26th.



7. I understand that the discussion of the monetary situation and the prospects of stabilization did not go very far and was very general in character. The impression seems to have been left that the conclusion of a trade agreement was not dependent on further action to stabilize exchanges, and that this side of the matter could be looked after by the inclusion of an escape clause concerning exchange variation of the type inserted in recent trade agreements negotiated by the United States.

8. I have little doubt that Mr. Hull expressed forcibly to Mr. Runciman his concern over the renewal of the Ottawa Agreement between Canada and the United Kingdom. Mr. Hull feels strongly on this matter; if my assumption is accurate that the new agreement with the United Kingdom for the most part only continues the existing preferential regime, the strength of Mr. Hull's objections may appear to you to be rather surprising. The explanation of his concern is to be found in his judgment of the future prospects of his international commercial policy. As you are well aware, he strongly believes in this as an essential element in international appeasement. It is likely that he will secure from Congress a renewal of the Trade Agreements Act extending until June 1940 the President's powers to negotiate agreements. To keep up the momentum which his policy has attained, he considers it essential that a trade agreement should be concluded by the United States with a leading industrial country. An agreement with Germany is probably out of the question for both economic and political reasons. There is no prospect of an agreement with Japan. The future of his policy therefore appears to him to hinge on the negotiation within the next two years or so of a successful agreement with the United Kingdom.

9. He had been hopeful that when the Ottawa Agreements expired this year they would be renewed in such a form as to facilitate the conclusion of an agreement between the United States and the United Kingdom. I gather that he is not much concerned at present with the possibility that new guaranteed preferences may be created within the British Commonwealth; his concern arises from the prospect of the renewal of the existing guaranteed margins of preference for a term of years which will probably extend beyond the tenure of the present Administration in the United States. Mr. Hull fears that the renewal of the Ottawa Agreements will make impossible a trade agreement between the United Kingdom and the United States of a sufficiently comprehensive character to maintain the momentum of his policy both at home and abroad. He also fears that an expansion of the Canadian Agreement with the United States will be impracticable. At home he must satisfy the agricultural interests and some other primary producers that his policy is working clearly to their advantage; it would not be politically feasible for him to enter into an agreement with the United Kingdom which did not directly benefit these groups. I think that there is some doubt in the State Department whether other Departments, notably the Department of Agriculture, will continue to support the policy against the pressure of vocal domestic interests unless some notable development occurs to open foreign markets.

10. I have no exact information concerning the products receiving guaranteed preferences in the United Kingdom under the Ottawa Agreements upon which Mr. Hull feels that the United States must secure concessions. I understand that the list is short and includes only two or three products of particular importance to Canada. My conjecture is that lumber, apples and pears are among these products and that wheat is not among them. The list probably also includes a number of other fruits, both fresh and preserved, which figure in the agreements between the United Kingdom and Australia and South Africa. On some of these the United States is seeking a reduction of the guaranteed margin of Dominion preferences; on others they wish equality of customs treatment for imports from the United States and the Dominions.

11. The exploratory studies undertaken by the United States experts of the concessions which might be made by the United States to the United Kingdom are said to have resulted in a recommendation that duties could be cut on over 150 products of interest to the United Kingdom; many of these are of minor importance, but the aggregate value of the trade affected would be substantial. An impression is abroad that the representatives of the United Kingdom have been emphasizing the present uneven balance of trade between the two countries, and have suggested that an equitable return for the concessions to be made by the United States would merely be an undertaking to bind against further increases the existing British duties on commodities of chief interest to the United States. Though such an agreement might conceivably be economically defensible, it would be politically impossible in this country, and the Administration could not for a moment entertain it.

12. It is hard to say whether Mr. Runciman's visit has in fact advanced the negotiations. He has doubtless left in the minds of the president and the Secretary of State a clearer conception of the problems and difficulties confronting British commercial policy. He also seems to have left behind him the impression that the Government of the United Kingdom is not enthusiastic about concluding a trade agreement with the United States and will be in no hurry to press the matter forward. At best there seems to be little likelihood that detailed negotiations can begin in the near future. A delay until the terms are settled of the neutrality legislation to be adopted at this session of Congress would be reasonable enough.

13. A feature of the discussions during Mr. Runciman's visit which is causing me considerable concern is the prominence given in them to the Ottawa Agreements, and in particular to the agreement between the United Kingdom and Canada, as blocking the way to a trade agreement between the United Kingdom and the United States. Mr. Runciman seems, if anything, to have increased Mr. Hull's apprehensions that the renewal of the Anglo-Canadian Agreement is a very serious barrier. There is some danger, therefore, that Mr. Hull and his advisers are coming to regard Canada as the obstacle to what they look upon as a vitally important step in economic

disarmament. I am afraid that Mr. Runciman may have led them to feel that the United Kingdom would be glad to enter into a comprehensive trade agreement with the United States if it were not for the insistence of the Dominions in general and of Canada in particular on the maintenance of their preferential position in the United Kingdom market. If this impression has in fact been left, as I fear it has, it will be necessary to eradicate it before the question can be successfully taken up of the renewal and extension of the Trade Agreement between Canada and the United States.

14. I do not wish to accuse Mr. Runciman and the Government of the United Kingdom of adopting a disingenuous position in dealing with the United States in this manner. There has been, however, for some time a feeling in informed quarters in Washington that the United Kingdom was not anxious to complete a trade agreement with the United States. I do not know whether this impression is accurately founded on facts, nor, if so, what reasons give rise to the British reluctance. Their simplest course in explaining their delays and hesitations to the United States is to pass the blame to the Dominions. It seems to me, however, that before such an explanation can reasonably be offered, it is imperative that the United Kingdom should take the initiative in approaching the Dominion governments and learning from them whether they are in fact opposed to making concessions, in course of the renewal of the Ottawa Agreements, which would facilitate the conclusion of an agreement with the United States. It is apparent from the information contained in your last despatch that no such approach has been made to the Government of Canada.

15. If Mr. Hull's views are what I believe them to be, he is likely to make known his position to the Canadian Government in the near future by following up the approaches recently made in Ottawa by Mr. Armour. The information contained in this report may be helpful if Mr. Armour is instructed to take up the question again. Mr. Hull may prefer to explain his position to me, in which case I shall at once submit to you a further report.

I have etc.,

HERBERT M. MARLER

444.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 65

Ottawa, February 18, 1937

SECRET

Sir,

I have the honour to refer to my despatch No. 64<sup>1</sup> of today's date transmitting a copy of the new Trade Agreement between Canada and the United

<sup>1</sup> Non reproduite/not printed.

Kingdom and to invite your attention to some aspects of that Agreement which it is feared, from your reports of your conversations with the Secretary of State, may be a source of misunderstanding between the Government of Canada and the Government of the United States of America.

2. It is the hope of the Canadian Government that an examination of the provisions of the new Agreement will convince Mr. Hull that a not unsuccessful effort has been made to bring the policy of Imperial Preference, which successive Canadian Governments have maintained for forty years, into alignment with international commercial policies which his Government and ours are pursuing. The present Agreement is in no sense a simple prolongation of the Trade Agreement between Canada and the United Kingdom signed at Ottawa in 1932. The detailed differences between the new Agreement and the one which it will supersede will be developed in the course of this despatch. From the beginning, however, it should be clearly understood that throughout the negotiations which resulted in the present Agreement the Canadian Government have insisted on the progressive liberalisation of the preferential system and have endeavoured to apply within that system the principles of commercial policy which they hope to see realized in international economic relations. The measure in which these objectives, which were in large part shared by the Government of the United Kingdom, has been attained, can only be appreciated by a close examination of the text of the new Agreement and its comparison with the corresponding provisions of the Ottawa Agreement of 1932.

3. The Preamble is not quite the clarion call to lower tariffs and freer trade which the Canadian Government hoped might be sounded in the opening words of a new Agreement. It was recognized that public opinion inside and outside the Empire would watch the negotiations between Canada and the United Kingdom for the revision of the "Preferential" or "Ottawa system" with a good deal of interest and that, for the most part, it would interpret the political significance of that revision in terms of the professions of faith and policy that the Governments themselves would make. The only place for any positive declaration of trade policy was the Preamble and, in the course of the negotiations, serious efforts were made to get the United Kingdom Government to agree to a statement there that could be cited as an authoritative pronouncement that the Governments' goal in intra-imperial, as in international trade, was the lowering of tariff barriers and the freeing of trade from fettering restrictions. The form of words that in the event has become the Preamble to the Agreement should be regarded as evidence of an attempt to emphasize the importance of increasing the volume of international and intra-imperial trade and a repudiation of earlier forms of preferential policy which were concerned primarily with diverting a diminishing volume of trade into unfamiliar channels.

4. An examination of the changes in the structure of the Canadian Tariff, which will follow from the application of the relevant provisions (Articles 6, 7 and 8) of the new Agreement, illustrates that the emphasis on trade

expansion in the Preamble is not misplaced. Although de facto margins of preference on 179 items enumerated in Schedule IV will be increased, in each case this increase is a consequence of a reduction of the preferential rate. No preferences have been enlarged or created by increasing rates of duty against third countries, and every concession made to the United Kingdom has been at the expense of tariff protected domestic interests. It should not be necessary to underline the fundamental difference between this approach to the problem of preferential treatment and that which resulted in the 1932 Agreement, in which a large proportion of the preferences guaranteed the United Kingdom were created by raising the Intermediate and General Tariffs and coupled, in a number of cases, with higher duties against the United Kingdom itself than had formerly been in force.

5. It will be found, I think, on comparison of the tariff items in Schedule IV on which the preferential rate is reduced with those in Schedule I of the Canada-United States Trade Agreement, in which special reductions below the Intermediate Tariff were accorded the United States, that there are very few items which occur in both schedules. This avoidance of overlapping is not entirely fortuitous, for the Canadian negotiators, mindful of those tariff items in which the United States had shown its particular interest by securing their inclusion in Schedule I of the Agreement, were able, in a number of instances, to refuse requested concessions on those items and to grant the United Kingdom compensatory concessions in tariff items in which the United States was not the principal supplier of Canada's import requirements. Fundamentally, of course, the explanation of the fact that enumerated tariff concessions to the United Kingdom and to the United States are largely made on different commodities lies in the complementary rather than competitive character of the bulk of Canadian imports from our two chief customers and sources of supply.

6. The reduction in the number of tariff items on which margins of preference are bound against decrease from 220 in the 1932 Agreement to 91 in Schedule V of the present Agreement is further evidence of its liberal tenour [*sic*] and of the effort that has been made to reconcile the principle of reciprocal preferences with the necessity of removing barriers that stood in the way of international trade. The new Agreement achieves a radical and far-reaching revision of the restrictions which its predecessor put upon the freedom of Canada to negotiate for the reciprocal reduction of tariff rates with third countries. Many items on which the differential margin between the British Preferential and Intermediate tariffs had operated either to limit Canadian trade treaty negotiations with foreign countries, to maintain prices of imported or domestic goods at unduly high levels or in which five years' experience had shown that United Kingdom industries had not or were not likely to make full use of the preferences afforded them, were dropped from the Schedule and, as has been pointed out, in a considerable number of cases the margins of preference on items remaining have been reduced. It may be noted that in the fiscal year 1936 the aggregate value of imports from the

United Kingdom under the items enumerated in Schedule V was somewhat less than \$38,000,000—or about ten per cent of the value of Canadian imports from the United States during the last calendar year.

7. In addition to the fixed margins of preference provided for in Article 8 and Schedule V, there is provision in Article 7 for a sliding margin of preference on United Kingdom goods, which are enumerated in Schedule IV, dutiable under that Schedule and “not of a class or kind made in Canada”. Inspection of Schedule IV will reveal that there are very few items which satisfy these three conditions, which must be met before the obligation to maintain a preferential margin can arise, and as was pointed out in my despatch under reference, this obligation is terminable at any time by the reduction of the British Preferential rate to free entry.

8. In this connection, I might point out that either Government is free at any time to modify or suspend any of the margins of preference set out in Schedules III or V if it is satisfied that a combine or monopoly of exporters is exploiting its domestic consumers by virtue of the preferential margins there provided for.

9. From this review of those aspects of the new Agreement affecting the tariff treatment of British goods imported into Canada—and, indirectly, the competitive position of United States goods imported into Canada, it should, I think be recognized that the Canadian Government have succeeded in translating into policy the principles by which, in opposition, its leaders measured and condemned the Ottawa Agreement of 1932. It will be remembered that the principal criteria by which that Agreement was judged and found wanting were, first, that preferences had been increased by raising rates against third countries instead of lowering them in favour of Britain, second, that an inordinate number of tariff rates were bound against decrease and, third, that the term of the Agreement—it was fixed for five years as against three for the new Agreement—was unduly long and restricted the independence of action of succeeding Parliaments and Governments. Under each of these heads, the new Agreement meets the specifications which Mr. Mackenzie King laid down as Leader of the Opposition, and, taken as a whole, I think it can be regarded as the complement within the Commonwealth to the United States Trade Agreement in the international field.

10. Turning now to those provisions of the new Agreement bearing on the tariff treatment of Canadian goods imported into the United Kingdom, I need not emphasize the vital importance to Canada of confirming, for a further period of years, the assurance of unrestricted free entry into the United Kingdom market, which perhaps more than any other single factor has been responsible for Canadian economic recovery, the maintenance of this country's stable exchanges and its solvent financial position. In these years of constricted international trade, when high tariffs, exchange regulations and quantitative restrictions of every type have limited Canadian export opportunities, entry into the United Kingdom market has saved the

Canadian economy from strains that it could not have withstood. The importance of external markets to a country geared into a world economy needs no expounding—and of all external markets none has offered the Canadian lumberman, farmer or fisherman the freedom of access which he enjoys in the United Kingdom.

11. The assurance in Article 1 of the new Agreement of the continuance of free entry for Canadian products is undoubtedly the greatest advantage which we receive from it, and it is an advantage from which the United States derives two major benefits: in the first place the assurance of a remunerative market for Canadian exports is bound to increase the purchasing power of the United States' best customer and this increased purchasing power will be spent not only on equipment and semi-manufactured articles, which will be further processed for export, but on the vast range of commodities which Canada will, willy nilly, continue to buy only from the United States; in the second place, it will, I think, be appreciated by the Department of State that in securing the free entry into the United Kingdom of Canadian goods including manufactured products, we have kept open for a term of years a door that seemed to be rapidly closing. It is a matter of common knowledge that English industrial interests, with appetites edged by their recent taste of tariffs, were anxious to round out their present protective system by the imposition of duties on manufactured goods imported from Canada—nor were English agriculturists reconciled to the continuance of free entry for Empire produce. The fact that, in spite of the influence of these powerful economic groups, free entry has been retained, is, I think, a matter from which Mr. Hull should take heart.

12. As regards the items (Article 2, Schedule II) on which the United Kingdom has agreed to reduce or stabilize its tariffs, the United States has nothing to lose from the fact that Canada secures a slightly lower rate on natural silk stockings and is protected against an increase in the duty on motor-cars. Indeed it might find the precedent of a reduction of rates by the United Kingdom useful, for in most of the Trade Agreements concluded by the United Kingdom in recent years that country has refused to make any reductions in tariff and confined its conversions to undertakings not to increase existing rates of duty.

13. As regards those commodities on which Canada is guaranteed (subject to the cartel clause) the benefits of definite margins of preference, I might point out first, that there are no articles in Schedule III on which margins of preference were not bound in one or other of the Agreements concluded by the United Kingdom with the Dominions in 1932. As you know, there were a number of commodities on which the same margins were guaranteed to two or more Dominions and there were other commodities on which a margin was guaranteed to one Dominion but of which some other Dominion was actually the United Kingdom's largest supplier, e.g., the margin on honey was bound in the New Zealand Agreement but Canada sent more honey to the United

Kingdom than did New Zealand, while the margin on chilled and frozen salmon was bound in the Newfoundland Agreement although Canada was a larger exporter of this product than Newfoundland. In negotiating the present Agreement we not only consolidated the preferences shown in Schedules B and C of the Canada-United Kingdom Agreement (for the deletion of dried fruits and dried apples from Schedule III see my despatch No. 64 of today's date) but we added a number of preferences, which the United Kingdom was already bound to maintain and of which Canada was a large but anonymous beneficiary. The inclusion of these additional items in Schedule III of the new Agreement does not change in any way the treaty position of the United Kingdom in its commercial negotiations with third countries—certainly it should not be regarded as a further obstacle in the way of reaching a trade agreement between the United Kingdom and the United States.

14. Not only are no new commodities bound but in no case have existing margins of preference been increased. It is as true to say for the United Kingdom as for Canada that no concessions incorporated in the new Agreement have worsened the tariff treatment of third countries. In this connection, a point that is often overlooked might be emphasized. The preferences enjoyed in the United Kingdom market are extremely moderate and are much lower in most cases than the measure of domestic protection enjoyed in the United States market by producers of the same commodities. The ad valorem preferences are as a rule ten per cent, and in no case exceed fifteen per cent; the preferences expressed as specific duties on foreign goods are approximately equivalent, at present prices, to this range of ad valorem rates.

15. In discussing the positive provisions of the new Agreement, the obligations it lays upon Canada and the United Kingdom, and the ways in which it differs from the Agreement it supersedes, I have not thought it necessary to refer to the omission of any Articles corresponding to Articles 10-17 or to Article 21 of the 1932 Agreement. The disappearance of the former group of "capitulatory" provisions is only of domestic interest, but the decision to delete the so-called "Soviet Clause" is, I think, further evidence of the liberal spirit in which both countries approached the revision of the old Agreement. Politically, this clause was the sequel and complement of our embargo on Soviet imports and the lifting of that embargo and the restoration of normal commercial relations with the U.S.S.R. in September last prepared the way for the elimination from the Agreement of a rather truculently worded proviso that might have been construed as aimed at all foreign countries.

16. In ending this lengthy despatch, I might venture the following conclusions which seem to me to arise from this examination of the new Agreement between Canada and the United Kingdom and of its repercussions on the commercial relations of the United States with its signatories:

- (1) Canada will be freer than before to negotiate a wide-ranging commercial agreement with the United States.



(2) The effective limit on the scope of such negotiations is far more likely to be set by the fact that the President will not be able to reduce any United States duty by more than fifty per cent than by the fact that on a limited number of commodities Canada will not be in a position to reduce the duty on United States goods without the consent of the United Kingdom. While we should of course be reluctant to seek this consent, it might be observed that our chances of securing it would probably be rather better than the President's chances of securing the consent of Congress in a comparable case.

(3) There would appear to be no insuperable obstacle in the way of the United Kingdom adopting a three-level tariff, comparable in structure to the Canadian Tariff, and thus granting, on a basis of reciprocity, tariff concessions to most favoured nations that would constitute appreciably more generous treatment than that to be accorded to countries which were not prepared to cooperate in bringing about the revival of international trade. This, of course, is a question for the consideration of the Government of the United Kingdom. I am only putting it forward here as a hypothetical answer to a hypothetical question that might be put to you by the Secretary of State.

17. In these circumstances, there is really no occasion for beating of breasts and wailing that because Canada has negotiated a new Trade Agreement with the United Kingdom, the United States cannot negotiate with the United Kingdom and cannot continue with the Trade Agreement Programme. I have tried to show how a liberal and moderate preferential policy can supplement and strengthen the movement for freer trade within the world as a whole and I trust that Mr. Hull can accept these assurances and wait until events prove that they were well founded.

I have etc.

O. D. SKELTON for the . . .

445.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 157

Washington, February 18, 1937

Sir,

I have the honour to advise you that this morning I had a long conversation with the Secretary of State. You will recall that I mentioned in a previous despatch that he had invited me to call on him. I attended at Mr. Hull's office and he discussed with me in great detail the viewpoint he had

in respect to economic contacts throughout the world and particularly in respect to improved economic contacts with Great Britain. It is not necessary to enter into details as to what Mr. Hull told me. I said very little. He made his exposition at great length as to his decided views. There is no question at all that he has very much at heart the making of some kind of reciprocal Trade Agreement with Great Britain. He expressed the opinion that if the United States and the British Commonwealth of Nations were in a measure at least bound by economic agreements great benefit would result therefrom and the preservation of the peace of the world undoubtedly assisted. That was Mr. Hull's broad viewpoint. I asked him specifically in respect to his attitude as regards preferences within the British Commonwealth of Nations and he replied that outside of his own country progressing favourably the last thing in the world he desired to see was anything but good come to the association of British nations. He added that he considered the preservation of that association to be one of the most potent factors for the preservation of world peace which he had very much at heart. He thought however that extreme preferences within the British Commonwealth might defeat the possibility of an agreement being made between the United States and Great Britain—and thereby the broad objective he sought prevented.

2. He time and again returned to the desirability of closer contacts between the United States and Great Britain. In that connection I mentioned that Mr. Runciman had recently visited this country. Mr. Hull did not inform me in respect to the results of his conversations with him and of course I could not ask him the direct question as to what those discussions comprised.

3. Mr. Hull in the course of his conversation indicated that he believed that if some closer contact was effected between the United States and Great Britain other countries would follow and doing so the reaction of certain other countries among which he mentioned Germany could not be other than favourable—but he did not extend his viewpoint as to what that favourable reaction might be. I gathered that at the moment he had not prosecuted his thoughts to that extent.

4. As this conversation was extending for more than an hour I asked Mr. Hull very frankly if there was anything he desired to say to the Government of Canada. He said he did not want what he had indicated to me to be construed as making any direct request but that he hoped the broad viewpoint which he had expressed would be shared by the Canadian Government also. I then mentioned if he referred to the new Ottawa Agreements. He replied that he made no specific references. He did say that he thought the part Canada could play at the present time was of the greatest importance and I gathered from that that he considered that it would be unfortunate if the new Ottawa Agreements acted in any way as an impediment to the making of an agreement with Great Britain.

5. I informed Mr. Hull that I did not know anything about the new Ottawa Agreements but that in my opinion Mr. Runciman did and that possibly the latter had informed him as to their contents. He made no reply to this observation on my part.

6. The opinion I derived from this conversation was that Mr. Hull knew that the new Ottawa Agreements were likely to be signed shortly and that if they were once signed it might be difficult to alter anything contained in them—whereas if there was some condition in the new Agreements which might act as an obstacle to the proposed Anglo-American Agreement that that provision might now be altered.

7. I observed to Mr. Hull that the Hawley-Smoot Tariff imposed extremely high duties and I wondered if he had in mind the direct revision of its provisions. He said he had but not directly preferring apparently to reduce any heavy tariff rates contained in that tariff by means of agreements and possibly as he termed it more “generalization” of terms. I therefore take it from what he said that no direct revision of the Hawley-Smoot Tariff is contemplated.

8. In other despatches I have indicated the impression which apparently has gained some position in official circles here that the new Ottawa Agreements contain something more in the way of extreme preferences than did the old. I have already been assured by you that they do not.

9. After my conversation with the Secretary of State I took the opportunity of calling on Mr. Sumner Welles who is the Assistant Secretary of State in charge of Latin-American questions. He is very positive in his views and indicated that he thought a critical moment had arrived—and while he did not suggest that the critical moment was due to the Ottawa Agreements I know from another conversation I had with him some days ago that that is what he meant.

10. As I have time and again indicated I have not expressed any opinions on the subjects referred to in this despatch but I am very seriously concerned as to the opinion which clearly has developed in this country and if I may venture expressing an opinion to you I do think that the time has arrived to dissipate any adverse thoughts that may be in the mind of the Administration in so far as Canada is concerned. I would not say this were it not abundantly and absolutely clear that Mr. Hull has set his heart on concluding further agreements and particularly an economic agreement with Great Britain. It is my belief that he feels Canada can play a very distinct and very important part in assisting him to do so. Whether we should play that part is not a matter in respect to which I am called upon to express an opinion.

11. This despatch I must admit is hurriedly written for the purpose of catching the mail this afternoon. I thought I should advise you at once as to my conversations.

I have etc.

HERBERT M. MARLER

446.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre des États-Unis*

*Under-Secretary of State for External Affairs  
to United States Minister*

Ottawa, February 27, 1937

Dear Mr. Armour,

In the course of our conversation the other day I promised to put on paper two or three considerations which I thought should have a certain bearing on your Government's general attitude toward the Trade Agreement between Canada and the United Kingdom.

I suggested then that Canada, in Mr. Dunning's phrase, was "geared to a world economy" in a sense that was not true of many other countries. You have probably been in Ottawa long enough to be weary of our insistence on our world rank as a trading nation—some years ago Canada stood sixth in the annual League compilation of the value of world trade. This year Canada is fifth in total trade and in imports and has moved into fourth place as an exporter. These comparisons, of course, are in terms of total trade—when they are expressed as per capita foreign trade—or, more significantly, in terms of the degree of dependence of particular industries on export as distinct from domestic markets, the extent to which Canadian economic activity is bound up with the maintenance of export markets is clearer.

Mr. Wallace and Mr. Hull have emphasized the importance to the American economy of restoring foreign markets for the marginal ten per cent of United States domestic production which was exported in boom years. In Canada, where the exportable surplus runs from thirty to seventy per cent of total production in all primary industries, the relative importance of access to export markets is multiplied proportionately. I am enclosing a brief note<sup>1</sup> on the statistical position of the lumber trade in Canada and the United States, which illustrates this general argument and links it with an aspect of the new Agreement about which you expect your Government will be particularly concerned.

The margins of preference that Canada received in the United Kingdom protect a market that, in the case of lumber takes 30% of our total production, in canned salmon takes more than 50% and in fresh apples from 40 to 75%. These percentages, which relate to commodities in which Canada and the United States are keen competitors in the United Kingdom market, indicate the importance of that market to Canada more clearly than export data of quantity or value. I have not available United States returns for domestic production and exports to the United Kingdom of apples and canned salmon but I should be surprised if they did not confirm the impression left by an examination of the enclosed lumber statistics, viz., that for none of the United

<sup>1</sup> Non reproduite/not printed.

States export commodities for which the United Kingdom market is important does the United States industry depend on that market, or on export markets generally, to anything like the degree that the corresponding Canadian industries do.

After thus labouring the importance of this market to Canadian primary industries, I should point out that the margins of preference that Canada actually receives in the United Kingdom are moderate in comparison with the measure of domestic protection that competitive United States products enjoy in their home market. I have put together rather hurriedly, from United States Trade Returns, a brief commentary on the tariff treatment and commercial importance, from the United States point of view, of its exports to the United Kingdom of each of the commodities enumerated in Schedule III of the Canada-United Kingdom Trade Agreement. For purposes of comparison, I have used the Trade Returns for 1930 and 1934, choosing the former year as a fairly representative period before the depression and the Ottawa Agreements had done their worst, and 1934, because it was the last full year for which we had a complete analysis, by quantity and value, of United States exports. While I am rather hesitant about attempting to draw any conclusions from these data because I realize that the subject will require a much more careful and exhaustive examination than I have been able to give it, I think they do help to put a very controversial question into better perspective.

Before commenting on the effect on United States exports of the duties which the United Kingdom has undertaken to maintain on foreign products enumerated in Schedule III of the Agreement, I might explain that goods imported into the United Kingdom receive tariff treatment that depends upon the nature of the goods and the country from which they come. Some commodities, e.g., cotton, copper and corn, are admitted free from any country—others, including sugar, tobacco and motor cars, are dutiable from every country, but at a lower preferential rate when from any part of the Empire. Most goods are free when imported from any part of the Empire and dutiable when imported from a foreign country. Of the duties imposed on foreign goods, in this last category, some—those enumerated in Schedule III of the Canada-United Kingdom Trade Agreement and in corresponding Schedules of the extant Ottawa Agreements—cannot be reduced without the consent of the Empire Government in respect of which the United Kingdom undertook to impose or maintain them. The remainder—and they include the great majority of the duties applicable to United States imports—are strictly “autonomous” duties established by the United Kingdom for reasons of domestic policy and removable at will.

Of the 21 items enumerated in Schedule III, all were included in one or more of the Trade Agreements concluded between the United Kingdom and various parts of the Empire in 1932, and seventeen were already bound at the margin of preference prescribed in Schedule III in Agreements now operative between the United Kingdom and Dominions other than Canada.

(The copper preference, as you know, though continued in the new Agreement has never been applied and copper from all countries enters the United Kingdom free of duty.) There remain four items, lumber, canned salmon, other canned fish and patent leather, on which the United Kingdom is precluded from reducing the duty on foreign produce by virtue of the Agreement with Canada.

When you examine the trade returns of United States exports, to the United Kingdom and to other countries, of the commodities included in Schedule III, you will see that although exports of these goods to the United Kingdom declined from \$69,025,000 in 1930 to \$17,395,000 in 1934, exports of the same lines to all other countries dropped from \$157,653,000 to \$51,628,000 in the four years, which suggests that the drought and the collapse of export prices had much more to do with the decline in value of United States exports of these articles than had the duties imposed by the United Kingdom under the Ottawa Agreements. Much the same conclusion emerges from a comparison of total United States exports, to the United Kingdom and other countries, in 1930 and 1934. American exports to Great Britain dropped from \$678,000,000 to \$378,000,000, while American exports to all other countries dropped from \$3,165,000,000 to \$1,722,000,000.

These figures suggest that the influence of bound margins of preference on United States exports is not at all great. Of exports to the United Kingdom in 1930 valued at \$680,000,000, \$69,000,000 or approximately ten per cent were of goods dutiable under Schedule III of the Canada-United Kingdom Agreement. It is true that between 1930 and 1934 the value of exports of these goods diminished more than did the value of total trade—but it is very difficult to assess responsibility for this diminution, and to determine how far the moderate margins of preference enjoyed by Canada were a decisive factor and how far, for instance, its explanation lies in the fact that prices of primary products fell much further in those years than wholesale prices generally.

Yours sincerely,

[O. D. SKELTON]

447.

*Le secrétaire d'État des États-Unis au Premier ministre*  
*United States Secretary of State to Prime Minister*

Washington, April 2, 1937

My dear Mr. Prime Minister,

I have frequently thought over our extremely interesting conversation while you were last in Washington, and it has given me unusual satisfaction to think that we found ourselves in such complete accord on the general world economic and peace situation. This related both to problems and remedies.

With or without war, if the present economic strife, coupled with a runaway race in armaments is permitted to continue, disaster and suicidal depression will overtake all important countries, and plunge them to depths which they have never known. The great problem, therefore, is the advancement of a broad basic program to remove excessive trade barriers under a policy of equality of treatment and fair trade methods and practices, and also a cessation of armament races. A continuance of the uncertainties in the international situation, including inflationary dangers, which are increasing daily, can have none but the most catastrophic consequences.

To promote peace, the problem must be attacked immediately in a comprehensive manner. It becomes all-important that a comprehensive program for economic rehabilitation with equality of treatment and fair trade methods and practices should be carried forward as speedily as possible under the leadership, especially, of the two great English speaking countries. The pursuance of this course and the attainment of these major objectives based upon liberal commercial policy, offer the only sure foundation for permanent peace.

No time is to be lost. The world has sure enough reached a crossroads. The decision must be made without further delay, whether the civilized nations are to continue down the road leading either to war or to universal economic disaster, or both, or whether they are to choose a way leading to cooperation in the establishment of normal economic relations and the restoration of stable conditions of peace.

I have talked with Mr. Armour while he was here these last few days and he will be very glad indeed to discuss the subject further with you at any time.

With my kindest personal regards, believe me, my dear Mr. Prime Minister,  
Very sincerely yours,

CORDELL HULL

448.

*Le ministre des États-Unis au sous-secrétaire d'État aux Affaires extérieures*  
*United States Minister to Under-Secretary of State for External Affairs*

Ottawa, April 22, 1937

Dear Dr. Skelton,

Knowing the desire of the Canadian Government to have a frank expression from my Government on any points connected with the Canada-United States trade agreement in the workings of which it is felt that improvement might be made, I venture to bring to your attention, quite informally, the following points which were raised in a recent communication I received from the Department of State at Washington.

Item 187 is one of seven items in Schedule I of the United States-Canadian agreement on which, as a result of the recent United Kingdom-Canadian

agreement, the British preferential margin is now greater than it was before our agreement took effect. The other six items are: Ex 197 and ex 199 combined, certain handmade papers; 414 c, adding, bookkeeping, calculating, etc. machines; 415, vacuum cleaners and parts; 432d, manufactures of tin plate and tin, n.o.p.; 445f, electric dynamos, generators and transformers, and parts, n.o.p.; and 445 g, electric motors and parts, n.o.p.

It is recognized, of course, that the increase by Canada in the preferential margins on these products does not constitute a technical violation of the trade agreement with the United States, since the margin of British preference was not bound against increase in the case of any item on which Canada granted us a concession. Nevertheless, American industries are likely to feel that as far as these products are concerned the spirit of the Canadian commitments has been violated. Their competitive position in the Canadian market may even be worse than it was before the agreement. Developments of this nature tend to reduce the interest which certain important American industries take in the trade agreement with Canada.

There are at least 14 other items in Schedule I of the Canada-United States agreement on which the British preferential margin has been increased by the recent agreement between the United Kingdom and Canada, though not to a figure greater than prior to the former trade agreement. These items are: 181 a, 195, 199, 236, ex 362 c, 402 a, 407 a, 410 l, ex 427 and ex 446 et al., 427 b, 432 b, 573, 578, and 624 a(i). In the case of two of these items—ex. 427 and ex. 446 a et al., and 427 b—a preferential margin equal to all or the greater part of the newly expanded margin was bound to the United Kingdom (in Schedule V).

In the case of some 135 items on which the Canadian duty to the United States was reduced as the result of the application of most-favoured-nation treatment under the United States agreement with Canada, the British preferential margin was widened by the recent United Kingdom-Canadian agreement. Whether or not American exporters of these products can be properly regarded as having cause for complaint, it appears fairly certain that the widening of these preferences will tend to divert Canadian imports of the affected products from the United States to the United Kingdom. Furniture is one of this group of items. The action of the Canadian Government on March 31, 1937, in still further widening the preference on furniture through increasing the intermediate duty carries with it the danger not only that it may bring doubt to American furniture manufacturers as to the value to them of our agreement with Canada but that it may raise fears in the minds of the other industries which received concessions through the extension by Canada of most favored-foreign-nation treatment, lest these concessions be gradually whittled down in the future.

In addition Canada, in the recent agreement with the United Kingdom, increased the British preference on some 25 items on which we received no concession in our trade agreement with Canada, either in Schedule I or through the extension of most-favored-foreign-nation treatment.



The attention of my Government has been called, among other things, to the increase in the British preferential margin on glazed kid. The adverse effect involved in these tariff changes on the competitive position in Canada of American exporters of these products is likely to be one of the factors in cooling enthusiasm in the United States for the trade agreement with Canada.

It might be pointed out that while the raising of the preferential margins on the first seven items herein mentioned to a point in excess of what they were prior to our trade agreement, as a result of the recent United Kingdom-Canadian trade agreement, seems particularly to be out of accord with the spirit of Canada's trade agreement with the United States, nevertheless, concern is felt with regard to the adverse effect upon the competitive position of the United States through the enlarging of preferential margins over the broad range of 180 items. In the interest of expansion of a mutually profitable trade between Canada and the United States which is, of course, the objective of the existing trade agreement, it is earnestly hoped that appropriate means of improving this situation may be found.

My Government has noted with satisfaction that under the recent trade agreement with the United Kingdom Canada has substantially reduced the number of items on which margins of preference are bound to the United Kingdom.

Sincerely yours,

NORMAN ARMOUR

449.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

March 14, 1938

#### CANADA-UNITED STATES TRADE NEGOTIATIONS

Public Hearings on representations regarding the Canada-United States Trade Agreement begin in Washington on the 4th April. If the number of persons desiring to be heard is as great as in the case of the United States-United Kingdom Agreement, the sessions before the United States Committee on Reciprocity Information will occupy most of the following fortnight. Formal negotiations cannot be begun until the completion of the United States Hearings, i.e., not before the 15th April.

2. In order to advance preparations for their trade negotiations, the United Kingdom trade delegation arrived in Washington on the 23rd February, nearly three weeks before the opening of the Public Hearings on the United Kingdom Agreement. Similar reasons suggest that it would be useful to have the Canadian officials in Washington in the week beginning the 21st March. It is understood that the United States will be ready to begin informal discussions with Canada before the end of this month.

<sup>1</sup> N. A. Robertson au Premier ministre/N. A. Robertson to Prime Minister.

3. We have been informed that the United States requests from Canada will include the modification of certain margins of preference that Canada has guaranteed to other parts of the British Empire, including Australia, South Africa, British West Indies and the United Kingdom. We know unofficially what some of these commodities will be but we do not know yet what concessions the United States is asking in respect of each of them. The collateral discussions with Australia and South Africa have been held up in consequence because it is impossible to ask those Governments to consent to modification of margins in the abstract. We have to be in a position to transmit definite and specific proposals and this we cannot do until we receive the United States requests. The modification of the United Kingdom margins of preference in this country can presumably be discussed in the first instance with the United Kingdom trade delegation in Washington but modification of South African and Australian margins will require direct communication by cable with their Governments. There is not going to be very much time left for effecting satisfactory arrangements with the other Dominions and, in the case of Australia, the anticipated difficulties of securing their concurrence have been increased by the fact that their Ministers concerned with trade questions are sailing this week for London via Suez and their advisers are leaving at the same time for London via Vancouver and Washington, where they expect to be about the middle of April.

4. The United States requests of the United Kingdom involving margins of preference bound in favour of the Dominions were communicated to us in May of last year and subsequent discussions have proceeded on the assumption that these would be the only margins of preference that would have to be modified to facilitate a United Kingdom-United States trade agreement. However, when the British trade delegation arrived in Washington, they were presented with a draft Colonial Schedule containing United States requests for modification of preferences granted by the Colonies in favour of the United Kingdom and the other Dominions. These requests, if met, would require Canadian consent to a very far-reaching revision of the Canada-West Indies Trade Agreement of 1925 and Colonial Schedule VI of the Canada-United Kingdom Agreement of 1937. Any serious modification of the preferences that Canada receives from the British West Indies would precipitate the question of giving notice of termination of the Canada-West Indies Trade Agreement. Under the terms of the Treaty, such notice could be given on the 30th April next to take effect twelve months later. It might be possible, however, to get the consent of the Government of the United Kingdom, which acts as Trustee for the Colonies, to shorten this period considerably.

5. The inclusion of the Colonial Empire and Newfoundland in the United Kingdom-United States negotiations was more or less an after thought and not expected to involve any major change in the scope of the negotiations. The United States, however, have taken it as an opportunity of pressing for the restoration, in large part at least, of the open door in Colonial Territories. So far as Canada is concerned, the preferences it gives Colonial produce are

probably more valuable—certainly more expensive—to the revenue than the preferences our products receive from Colonial territories. It is possible to envisage a general relaxation of Colonial preferences accompanied by a similar modification of the preferences exchanged between the United States and Cuba from which this country would benefit on balance. The mechanism of such adjustments, however, is complicated and cumbersome and it is doubtful whether the process of revision could be effected within the time limits tentatively set for the conclusion of new trade agreements between Canada and the United States and the United States and the United Kingdom.

450.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

Washington, March 17, 1938

My dear Mr. Secretary,

The Secretary of State for External Affairs of Canada has telegraphed to inform me of the great concern with which he has viewed proposals which appear in the Revenue Bill of 1938 (H.R. 9682), and in the Bill amending certain administrative provisions of the Tariff Act of 1930.

The Canadian Government, after carefully considering the probable effects upon commercial relations between Canada and the United States of America of the enactment of these measures in their present form, have decided that I should immediately inform you that any worsening by legislative or administrative action of the treatment now accorded to Canadian lumber on importation into the United States would make it extremely difficult for the Canadian Government to consent to modification of the importation preferences now guaranteed Canadian lumber by the Government of the United Kingdom.

In particular, I am directed to point out that the amendments to section 601(c)(6) of the Revenue Act of 1932 contained in section 704(a) and (b) of the Revenue Bill of 1938 would appear to jeopardize such advantage as the importation of Canadian lumber, under the provisions of the Canada-United States Trade Agreement of 1936, has derived since December 23, 1936, from the assessment of the United States import excise tax on lumber on the net measurement of the imported lumber. In this connection, I am further directed to inform you that the Canadian Government proposes, during the forthcoming treaty negotiations, to ask the Government of the United States to confirm, for the term of a new agreement, the applicability of United States Treasury Decision, 48640, of November 2, 1936, which upheld the decision of a lower court that the import excise tax should only be collected on the lumber actually imported.

In the second place, I am to bring to your attention the consequences that might be expected to follow from the enactment, in its present form, of

section 3 of the Bill to be entitled the "Customs Administrative Act of 1938". In this section, which amends section 304 of the Tariff Act of 1930 relating to the marking of imported articles and containers, "sawed lumber and timbers, telephone, trolley, electric-light and telegraph poles of wood, and bundles of shingles" are expressly excluded from the scope of subsection (J) under which the Secretary of the Treasury would be empowered to authorize the exception of any article from the requirements of marking if "such article is of a class or kind with respect to which the Secretary of the Treasury has given notice by publication in the Weekly Treasury Decisions within two years after July 1, 1937, that articles of such class or kind were imported in substantial quantities during the five-year period immediately preceding January 1, 1937, and were not required during such period to be marked to indicate their origin".

The Canadian Government hope that subsection (J) of section 304 may become law without the offending proviso and that the Secretary of the Treasury may see his way clear to exercise at the first opportunity the discretion which he would then have acquired to authorize the exception of lumber from the requirements of marking.

In acquainting you with the views of the Canadian Government on these questions I have been instructed to explain that the extent of the concession in favour of United States lumber in the United Kingdom market to which the Canadian Government can consent will have to be determined in large part by the treatment accorded Canadian lumber on importation into the United States.

In these circumstances I venture to enquire whether the proper congressional authorities might be moved to refrain from the enactment of the proposals hereinbefore mentioned.

Believe me, my dear Mr. Secretary,

Yours very sincerely,

HERBERT M. MARLER

451.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

No. 59

[Washington] March 18, 1938

Sir,

I have the honour to refer to the United States Revenue Bill of 1938 (H.R. 9682) as passed by the House of Representatives on March 11th, 1938 and to the insertion therein of a section, 703, which reads as follows:

Section 601(c) of the Revenue Act of 1932, as amended, is further amended by adding at the end thereof the following new paragraphs:

"(9) Pork, bacon, hams, sides, shoulders, loins, and other pork, including fresh, chilled, frozen, cured or cooked, steamed, prepared, or preserved, 6 cents per pound.

"(10) Pork joints, sweet pickled, fresh, frozen or cured, 3 cents per pound.

"The tax on the articles described in paragraphs (9) and (10) shall apply only with respect to the importation of such articles after sixty days after the date of the enactment of such paragraphs and shall not be subject to the provisions of subsection (b)(4) of section 601 (prohibiting drawback) or section 629 (relating to expiration of taxes)".

I have been instructed by the Secretary of State for External Affairs of Canada to invite your attention to the fact that in the "List of Products", published by the Department of State on the 28th January 1938, on which the reduction or conventionalization of duties will be considered in the course of the forthcoming trade negotiations between Canada and the United States of America, the following items were expressly mentioned:

	<i>Present Rate of Duty</i>
703 Pork, fresh or chilled but not frozen	2½¢ per lb.
703 Bacon, hams and shoulders, and other pork, prepared or preserved, if not cooked, boned, or packed in airtight containers, or made into sausage of any kind	3¼¢ per lb.

In drawing your attention to the situation which would be created by the imposition of import excise taxes on pork and pork products enumerated in the "List of Products" on which the Canadian Government has indicated that they will seek a reduction in the rates of duty published under the United States Tariff Act of 1930, I have been further instructed to point out that action in this direction by the United States Congress at this time would tend to defeat the intention our Governments have had in mind in agreeing to negotiate a Trade Agreement.

I have etc.

HERBERT M. MARLER

452.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 18

Ottawa, April 30, 1938

With reference to negotiations which are now proceeding in Washington for the revision of the Trade Agreement of November 15th, 1935, between Canada and the United States, it is desired that His Majesty be humbly moved to grant "Full Powers" to the Rt. Hon. W. L. MacKenzie King to sign a new Trade Agreement replacing or supplementing the said Agreement.

453.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 171

London, June 2, 1938

Sir,

With reference to your telegram No. 18 of the 30th April, I have the honour to transmit a Full Power, under the Royal Sign Manual and Great Seal, empowering you to sign, in respect of Canada, a new Trade Agreement with the United States of America, replacing or supplementing the agreement of the 15th November 1935.

I have etc.

STANLEY

[PIÈCE JOINTE/ENCLOSURE]

*Pleins pouvoirs donnés par le Roi au Premier ministre*  
*Full Power given by the King to Prime Minister*

GEORGE THE SIXTH, BY THE GRACE OF GOD, OF GREAT BRITAIN, IRELAND AND THE BRITISH DOMINIONS BEYOND THE SEAS KING, DEFENDER OF THE FAITH, EMPEROR OF INDIA, &C., &C., &C. TO ALL AND SINGULAR TO WHOM THESE PRESENTS SHALL COME, GREETING!

WHEREAS, for the better treating of and arranging certain matters which are now in discussion, or which may come into discussion, between Us, in respect of Our Dominion of Canada, and Our Good Friend the President of the United States of America, relative to the revision of the Trade Agreement between Canada and the United States of America, signed at Washington on the Fifteenth day of November, One Thousand Nine Hundred and Thirty-five, We have judged it expedient to invest a fit person with Full Power to conduct the said discussion on Our part in respect of Our Dominion of Canada; Know ye, therefore, that We, reposing especial Trust and Confidence in the Wisdom, Loyalty, Diligence, and Circumspection of Our Right Trusty and Well-beloved Councillor William Lyon Mackenzie King, Companion of Our Most Distinguished Order of Saint Michael and Saint George, Member of the Parliament of Canada, Prime Minister and President of Our Privy Council for Canada, Secretary of State for External Affairs of Our Dominion of Canada, have named, made, constituted and appointed, as We do by these Presents name, make, constitute and appoint him Our undoubted Commissioner, Procurator, and Plenipotentiary in respect of Our Dominion of Canada, for the purpose aforesaid; Giving to him all manner of Power and Authority to treat, adjust, and conclude with such Ministers

Commissioners or Plenipotentiaries as may be vested with similar Power and Authority on the part of Our Good Friend the President of the United States of America, any Treaty, Convention, or Agreement that may tend to the attainment of the above-mentioned end, and to sign for Us, and in Our Name, in respect of Our Dominion of Canada, everything so agreed upon and concluded, and to do and transact all such other matters as may appertain thereto, in as ample manner and form, and with equal force and efficacy, as We Ourselves could do, if personally present: Engaging and Promising, upon Our Royal Word, that whatever things shall be so transacted and concluded by Our said Commissioner, Procurator, and Plenipotentiary in respect of Our Dominion of Canada, shall, subject if necessary to Our Ratification, be agreed to, acknowledged and accepted by Us in the fullest manner, and that We will never suffer, either in the whole or in part, any person whatsoever to infringe the same, or act contrary thereto, as far as it lies in Our power.

In witness whereof We have caused Our Great Seal to be affixed to these Presents, which We have signed with Our Royal Hand.

Given at Our Court of Saint James, the Thirteenth day of May, in the Year of Our Lord, One Thousand Nine Hundred and Thirty-eight and in the Second Year of Our Reign.

454.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

Washington, November 17, 1938

Sir,

I have the honour to acknowledge the receipt of your Note<sup>1</sup> of today's date, informing me, with reference to the Trade Agreement signed this day, that the United States of America will, in the special circumstances, refrain from claiming under Article I of the Agreement any advantages now accorded or which may hereafter be accorded by Canada to any territory under the mandate of His Majesty the King of Great Britain, Ireland, and the British dominions beyond the Seas, Emperor of India, which is administered as an integral portion of territory under His Majesty's sovereignty or protection or which is joined in a customs union with a territory under His Majesty's sovereignty or protection.

I have taken note with pleasure of your communication in the above sense.

I have etc.

HERBERT M. MARLER

<sup>1</sup> Non reproduite/not printed.

455.

*Décret du Conseil*  
*Order in Council*

P.C. 3183

December 17, 1938

WHEREAS Article XVIII of the Trade Agreement between Canada and the United States of America, signed at Washington on November 17th, 1938, provides that, pending the definitive coming into force of the said Agreement, the provisions of Article I, Article VI and Article VII thereof shall be applied provisionally on and after January 1st, 1939, subject to the reservations and exceptions elsewhere provided for in the Agreement;

AND WHEREAS in Article I of the said Trade Agreement, Canada and the United States of America undertook to grant each other unconditional and unrestricted most-favoured-nation treatment in all matters concerning customs duties, and in Article VI of that Agreement Canada undertook to exempt articles, the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I annexed to the Agreement, on their importation into Canada, from ordinary customs duties in excess of those set forth and provided for in the said Schedule, and in Article VII of the Agreement, the United States of America undertook to exempt articles, the growth, produce or manufacture of Canada, enumerated and described in Schedule II annexed to the Agreement, on their importation into the United States of America, from ordinary customs duties in excess of those set forth and provided for in the said Schedule;

AND WHEREAS by a Proclamation of November 25th, 1938, the President of the United States of America has taken the requisite and appropriate steps to apply the provisions of Article I and Article VII of the said Agreement to goods, the growth, produce or manufacture of Canada, imported into the United States of America on and after January 1st 1939;

AND WHEREAS insofar as Canada is concerned effect is given to the provisions of Article I of the Trade Agreement, providing for the granting of most-favoured-nation treatment in customs matters to goods, the growth, produce or manufacture of the United States of America, by the Canada-United States of America Trade Agreement Act, 1936;

AND WHEREAS under authority of Section 11 of the Customs Tariff, the Governor in Council may, by Order in Council, make such reductions of duties on goods imported into Canada from any other country as may be deemed reasonable by way of compensation for concessions on Canadian products granted by any such country;

NOW, THEREFORE, His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs, with the concurrence of the Minister of Finance and the Minister of National Revenue, is pleased to order and it is hereby ordered as follows:



1. Articles the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I annexed to the said Trade Agreement, shall, on and after January 1st, 1939, when conveyed without trans-shipment from a port of the United States of America or from a port of a country enjoying the benefit of the British Preferential or Intermediate Tariff into a customs port of Canada, enjoy the benefit of the rates of duty set forth in the said Schedule I.

2. The tariff treatment provided for in the immediately preceding paragraph shall apply to goods imported or taken out of warehouse for consumption on or after January 1st, 1939 and to goods previously imported for which no entry for consumption has been made before that date.

E. J. LEMAIRE

456.

*Décret du Conseil*  
*Order in Council*

P.C. 1175

May 16, 1939

WHEREAS there has been laid before His Excellency the Governor General in Council a report from the Secretary of State for External Affairs, submitting with the concurrence of the Secretary of State of Canada, as follows:

1. A Trade Agreement between Canada and the United States of America was signed at Washington the 17th day of November, 1938.

2. Legislation approving the Trade Agreement and enabling the obligations assumed by Canada thereunder to be performed, has passed both Houses of the Parliament of Canada and is awaiting the Royal Assent.

3. It is expedient that provision should be made under The Seals Act, 1939, for the issuing by and with the authority of His Majesty the King of an Instrument of Ratification passed under the Great Seal of Canada.

NOW, THEREFORE, HIS Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs, concurred in by the Secretary of State of Canada, is pleased to authorize and doth hereby authorize the Secretary of State of Canada to affix the Great Seal of Canada to an Instrument of Ratification of the Canada-United States of America Trade Agreement, prior to the presentation by the Secretary of State for External Affairs of such Instrument to His Majesty for the purpose of receiving the Royal Signature.

A. W. LOTHROP

457.

*Le secrétaire d'État aux Affaires extérieures au Roi*  
*Secretary of State for External Affairs to the King*

Ottawa, May 19, 1939

The Secretary of State for External Affairs of Canada, presents his humble duty to His Majesty the King.

It is expedient that provision should be made for the approval by His Majesty and for the issuing and sealing by and under His authority of an Instrument of Ratification of the Trade Agreement between Canada and the United States of America, which was signed at Washington the 17th day of November, 1938.

The Secretary of State for External Affairs, accordingly, humbly petitions His Majesty to approve the foregoing and to cause His Great Seal of Canada to be affixed to the Instrument of Ratification and to sign the same with His Royal Hand.

The Secretary of State for External Affairs remains His Majesty's most faithful and obedient servant.

458.

*Le secrétaire d'État par intérim aux Affaires extérieures*  
*au ministre des États-Unis*  
*Acting Secretary of State for External Affairs*  
*to United States Minister*

No. 88

Ottawa, May 22, 1939

Sir,

I have the honour to invite the attention of your Government to the stipulations of Article XVIII of the Trade Agreement between Canada and the United States of America, signed at Washington on November 17th, 1938, which provide that the Agreement shall be ratified by His Majesty the King in respect of Canada, and shall be proclaimed by the President of the United States of America, and to inform you that the Canadian Government are now in a position to proceed with the exchange of the Instrument of Ratification and a copy of the Proclamation in accordance with the provisions of that Article. I shall be glad to learn whether Friday, the 26th of May, would be a convenient day for the formal exchange of Instruments.

Accept etc.

O. D. SKELTON for the . . .

459.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

May 31, 1939

Mr. Hickerson of the Department of State telephoned from Washington this afternoon re the arrangements for the Exchange of Ratifications of the Trade Agreement and the date of its formal coming into force.

We had proposed Friday, the 2nd of June, as a date for the Exchange. The United States Government was prepared to agree to that date if, in the circumstances which he wished to explain to me, we still felt it essential that the exchange be effected this week.

The United States authorities are extremely disturbed about the labour situation in the shingle industry in the State of Washington. The general wages and hours agreement for the industry ran out on April 1st, but has been continued in force up to date under a provisional arrangement while a new scale is being negotiated. The operators are insisting on some reduction in wages and lengthening of hours of work, citing the shingle provisions of the new Trade Agreement as necessitating the revision of present wage rates. The Union, which is an A.F. of L. affiliate has resisted any reduction in wages or increase in hours, and has posted notices today for a walk-out on Monday, June 5th, in all the shingle mills in the State of Washington. The United States Government are very worried about the coincidence of the coming into force of the shingle provisions of the new Trade Agreement and the calling of a general strike in the United States shingle industry. The anticipated influx of Canadian shingles at a time when United States mills are tied up and United States workers are idle will point up the industry's contention that it is the shingle concession in the new Agreement that is driving it to cut labour costs.

They are afraid that this situation will give a new impetus and urgency to the Bone Bill requiring the marking of origin of imported lumber (and shingles), and may result in legislation fixing hours and wages in the United States shingle industry in such a way as to compel the Administration to invoke the provisions of Article X of the Trade Agreement. The United States Government are opposing the Bone Bill and will continue their efforts to block it—whatever arrangement may be made about shingles. They recognize the Bill is in direct conflict with the Agreement and are determined it shall not become law. They fear, however, that support for the Bill in Congress will grow if the shingle situation continues to deteriorate.

Hickerson gave me the impression that they thought they could handle the Bone Bill, but were not so sure that they could block efforts to establish hours and wages by legislation for the shingle industry; if those efforts were

<sup>1</sup> N. A. Robertson à/to O. D. Skelton.

successful he thought the President would have to use the Escape Clause provided by Article X and re-establish quota restrictions on the importation of shingles.

In these circumstances, Hickerson asked if we could consider postponing the date of the Exchange of Ratifications until June 30th making a simultaneous announcement in Ottawa and Washington, immediately, that the exchange would take place on that date. On June 30th, under provisions of existing United States law, the second half-yearly shingle quota automatically becomes operative and the present embargo is lifted. The expected influx of Canadian shingles would then coincide with the normal commencement of a new quota period and not only with the coming into force of the new Trade Agreement. He thought they might thus be able to clear the new Agreement from the criticism that it was responsible for the worsening of the labour situation in the shingle industry. He also thought that if they had this month's grace, they should be able to clear up satisfactorily, the labour troubles in Washington.

I told him that I would, of course, have to take the matter up with the proper authorities. We appreciated the urgency of his proposals and would try to give him some indication of what would be possible tomorrow (Thursday).

460.

*Le sous-secrétaire d'État aux Affaires extérieures  
au secrétaire principal du Premier ministre<sup>1</sup>  
Under-Secretary of State for External Affairs  
to Principal Secretary to Prime Minister<sup>1</sup>*

Ottawa, June 6, 1939

Dear Mr. Heeney,

Will you please bring to the Prime Minister's attention that arrangements have been made for the exchange in Ottawa on June 17th of the Instruments of Ratification of the Trade Treaty between the United States and Canada. In the case of the United States, the Instrument takes the form of a Proclamation by the President bringing the Treaty into force.

It had been expected that the exchange would take place last week. The delay occurred because of the wish of the United States authorities to defer the coming into force of the new shingle arrangements because of the tremendous drive against that part of the treaty which is carried on on the western coast and in Congress, culminating in a lockout on the ground that United States mills cannot compete with Canadian mills because of their lower wages and employment of oriental labour. The United States wished to postpone the exchange of ratifications until June 30th, but our shingle people were pressing for June the 1st. After a prolonged discussion with Washington, agreement has been reached on the date of June 17th.

<sup>1</sup> Avec la tournée royale/with royal tour.

I may add that nothing has been said in public as to the reasons for the delay in the ratification or the selection of this date.

I am not sure whether Mr. King will be in Ottawa on the 17th. Mr. Lapointe is leaving for an engagement in Boston on the 16th. If Mr. King is not here one of the other Ministers will have to be named for the brief ceremony of exchange with the United States Minister.

Yours sincerely,

O. D. SKELTON

461.

*Décret du Conseil*

*Order in Council*

P.C. 1465

June 15, 1939

The Committee of the Privy Council have had before them a report, dated 14th June, 1939, from the Acting Secretary of State for External Affairs, submitting:

That the Trade Agreement between Canada and the United States of America, signed at Washington on the 17th day of November, 1938, will enter definitively into force in accordance with the provisions of Article XVIII thereof on the day of the Exchange of Ratification of the said Trade Agreement by His Majesty in respect of Canada for a copy of its Proclamation by the President of the United States of America;

That arrangements have been made for the Exchange of the Instrument of Ratification for a copy of the Proclamation to take place in Ottawa on the 17th day of June, 1939; and

That the Canada-United States of America Trade Agreement Act, 1939, provides that the said Act shall come into force on a day to be fixed by Proclamation of the Governor in Council.

The Committee, therefore, on the recommendation of the Acting Secretary of State for External Affairs, advise that a Proclamation do issue declaring that the said Act shall come into force on the 17th day of June, 1939.

E. J. LEMAIRE

462.

*Certificat d'échange entre le secrétaire d'État aux Affaires extérieures  
et le ministre des États-Unis*

*Certificate of Exchange between Secretary of State for External Affairs  
and United States Minister*

Ottawa, June 17, 1939

The undersigned, having met together for the purpose of exchanging the Ratification by His Majesty the King of Great Britain, Ireland and the

British dominions beyond the Seas, Emperor of India, in respect of Canada, for a copy of the Proclamation by the President of the United States of America, of the Trade Agreement between His Majesty, in respect of Canada, and the President of the United States of America, signed at Washington on the seventeenth day of November, nineteen hundred and thirty-eight; and the respective Ratification and Proclamation of the said Trade Agreement having been carefully compared and found to be exactly conformable to each other, the exchange took place this day in the usual form.

IN WITNESS WHEREOF they have signed the present Certificate of Exchange and have affixed thereto their seals.

Done at Ottawa in duplicate this seventeenth day of June, nineteen hundred and thirty-nine.

W. L. MACKENZIE KING  
DANIEL C. ROPER

PARTIE 5/PART 5

VISITE DU PRÉSIDENT, 1938  
VISIT OF THE PRESIDENT, 1938

463.

*Le sous-secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Under Secretary of State to Minister in United States*

[Washington] April 21, 1938

My dear Sir Herbert,

During your recent absence from Washington, Dr. Riddell called to see me and conveyed to me the very gratifying message from your Government with regard to the desire of Queen's University to confer the Honorary Degree of Doctor of Laws upon the President, and the further expressed hope of your Government that the President might attend the convocation of the University called for that purpose at the time the new Peace Bridge was inaugurated. I conveyed this message to the President and he has today sent me a reply in the form of a memorandum. I am going to take the liberty of quoting textually his memorandum in this letter so that you may get therefrom his personal deep appreciation of the suggestion made:

That is a very gracious action on the part of Queen's University in Kingston and I am deeply appreciative.

My difficulty in regard to the August first date is that if I can get away for a four-week holiday, about the tenth of July, I am most anxious to do so and the holiday would be spent principally on the high seas.

It had been my hope a little later on—perhaps early in September—to take a short trip to the Great Lakes and, of course, if the convocation could be held at that time, it would be most convenient for me. On the same trip I could drive over the new Peace Bridge at Brockton [*sic*].

Finally, it is a little difficult for me to make any definite engagements as far ahead as September but I think I shall know definitely by the first of June.

Would you be good enough to express my appreciation to the Canadian Minister?

I shall appreciate it if you will be kind enough to transmit the message of the President to your Government, and as soon as the President lets me know after June first what his definite decision may be, I shall, of course, immediately communicate this decision to you.

With the assurances of my highest regard, believe me

Yours very sincerely,

SUMNER WELLES

464.

*Le ministre aux États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*Minister in United States to Under-Secretary of State  
for External Affairs*

Washington, July 8, 1938

Dear Dr. Skelton,

With reference to my letter of April 23,<sup>1</sup> I am informed by the State Department that President Roosevelt will be pleased to accept the Honorary Degree offered to him by the Senate of Queen's University on Friday, August 19, either before or after the opening of the International Peace Bridge at Brockville on that date.

The State Department was unable to give me any information as to what hour the ceremony of the opening of the Bridge will take place. I presume, however, that President Wallace [of Queen's University] will fix the hour of convocation after consulting with those directing the Bridge ceremony.

I regret that although I have kept in touch with the State Department on this matter it was only today that we were notified of the President's decision.

Yours sincerely,

HERBERT M. MARLER

<sup>1</sup> Non reproduite/not printed.

465.

*Mémorandum**Memorandum*

August 19, 1938

## POINTS TO BE CONSIDERED RE PRESIDENT ROOSEVELT'S KINGSTON SPEECH

1. It is difficult for Canadians to say whether President Roosevelt's speech has or has not anything to do with the "Monroe Doctrine", as a good many newspapers seek to imply. The President himself did not mention the words. In origin this doctrine was a unilateral declaration, incorporated in a Message to Congress by President Monroe on December 2, 1823. Since then there have been various U.S. official applications, interpretations and glosses. In recent years, because of Latin American sensitiveness, there has been some disposition to generalise it into an inter-American policy instead of a unilateral declaration. Apart from quoting the relevant parts of Monroe's message, no one can now say just what the "Monroe Doctrine" now comprises without writing a book, and no one tries. It is possible that the Kingston speech will come to be regarded by official Washington or at least by private commentators as falling within the field loosely called the "Monroe Doctrine". But that is for official Washington to say. Canada should not officially mention the words "Monroe Doctrine" in connection with President Roosevelt's speech or otherwise attempt to put out glosses or interpretations—unless perhaps we are prepared to make some reciprocal declaration, in which case some pains would have to be taken with definitions. At the moment it seems better to take President Roosevelt's words simply as they stand and in the light of today's existing context of international affairs.

2. Warm appreciation of the Roosevelt declaration should be expressed as fresh evidence of the special neighbourly relations between Canada and the United States. That is, we should not attempt to gloss it as including other ideas—e.g., as including some pledge of military support for other democracies outside the Americas. Nothing like that can be read into the speech, and outside attempts to do so will not help in the United States.

3. We should recognise that this event affords no reason for shirking our own responsibility for our own defence. During the past two years we have been making special efforts to put our own defence in order, and these will continue within the limits of our power.

## NOTE:

In Parliament and elsewhere our Defence authorities, when explaining estimates and dispositions, are sometimes accustomed to resort to such highly technical classifications and terms as "coast defence", "naval defence of focal areas of trade", "maintenance of our neutrality". Reference to such techni-



calities seems unnecessary in connection with the President's statement. We do not have to offer a reciprocal assurance to the United States. Military alliances have never been favoured by either country. We can remain silent about that. We can say we have always made great efforts to prevent any domination of Canada, and will continue to do so. But it would be particularly difficult in such a connection to bring in a reference to the "maintenance of our *neutrality*" (in the event say of a war between Japan and the United States!), without appearing to offer a snub to the whole line of thought underlying the Kingston declaration (*viz.*, that the Americas are not open to domination by empires in other parts of the world).<sup>1</sup>

466.

*Le premier secrétaire, le haut commissariat en Grande-Bretagne  
au sous-secrétaire d'État aux Affaires extérieures*  
*First Secretary, High Commission in Britain  
to Under-Secretary of State for External Affairs*

London, September 2, 1938

Dear Dr. Skelton,

I have been hoping to draft a despatch on the press reaction in this country to Mr. Roosevelt's Kingston Speech. However, I have had to put it aside as there are so many other things to do, and it is so long after the event now that it would be completely out-of-date for the next Bag; so I am sending on some of the more important clippings without comment. The

<sup>1</sup> Un autre mémorandum anonyme se lit comme suit:  
A further unsigned memorandum reads as follows:

F.D.R.—KINGSTON—AUGUST 18, 1938

"The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canada soil is threatened by any other empire."

*Paraphrase*

*To Miss Canada:* These dictators have got to be cleaned up. But don't you worry about your part of the job. I'll keep an eye on your farm till you get back.

*To John Bull:* Don't get me wrong. There's no seduction business here. You'll notice I spoke like a Dutch uncle to Little Nell as one of your girls. We family men understand one another and what's good for the girls, and besides it suits me to have her stick around your fireside. The main thing is I've got to have Hitler & Co. cleaned up. Don't you worry about that either. Go to it and take Little Nell along. What! Me? Oh! no, I'm staying home; but I'll look after her farm while she's away. And I'll sell you all the stuff you want from my farm to boot. As my cousin T.R. said to Harriman: "What's the Constitution between friends?"

*To Steve Early:* Boy, and [*sic*] I a trader, or am I? You Yankees may know a thing or two about that business, but you can't beat the Dutch.

amount of publicity the Speech received was, of course, tremendous. It seems that every single newspaper in England had some comment or other to make. The well-informed ones are careful to remember the disillusionments of the past and surround their encomiums with a note of caution. They do not, however, make any efforts to conceal their satisfaction at this latest Rooseveltian gesture. One small provincial paper gleefully talks about the Washington-Ottawa-London Axis!

Yours sincerely,

L. B. PEARSON

467.

*Le sous-secrétaire d'État aux Affaires extérieures  
au premier secrétaire, le haut commissariat en Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to First Secretary, High Commission in Britain*

Ottawa, September 21, 1938

Dear Mr. Pearson,

It is perhaps somewhat late in the day to refer to them now, but I read with interest the clippings of British press comment on Mr. Roosevelt's Kingston speech which you sent with your letter of September 2.

They disclose a good deal of wishful thinking. As I recall them they paid no attention to the passage where, after speaking of his country's hopes of contributing to the peace of the world, the President went on to say that "even if those hopes are disappointed, we can assure each other that this hemisphere at least shall remain a strong citadel wherein civilization can flourish unimpaired". You will recall that two or three weeks later, on September 9, at his country home in New York State, the President found it necessary to take notice of an impression which had been spread around the country and abroad to the effect that the United States was in some way allied with European democracies in a movement involving a pledge of support in the event of war. At a press conference the newspaper men told him that this impression had been growing as a result of recent utterances by himself and by Mr. Hull, the Secretary of State, and Mr. Bullitt, the Ambassador to France. In reply Mr. Roosevelt indicated that this impression had arisen from the writings of certain newspaper columnists who had placed their own interpretations on utterances of responsible Government officials, and, according to the New York Times report, he followed this up by saying: "If the interpreters would read the English language and no more in what he and the Secretary of State had had to say on the subject, they would discover that they had been a hundred percent wrong in their deductions".

In the rapid march of events this in a way has become almost ancient history, but later developments in the United States have certainly shown that the President's disclaimer was acceptable to his people.

Yours sincerely,

O. D. SKELTON

468.

*Discours du Premier ministre à la Chambre des Communes*

*Speech by Prime Minister to House of Commons*

March 30, 1939

There is another phase of that relationship which was crystallized in a notable speech last summer. August 1938 is as important in North American annals as September was in the annals of Europe. In that month, speaking in Kingston, the President of the United States declared:

Happily, you and we, in friendship and in entire understanding, can look clear-eyed at these possibilities, resolving to leave no pathway unexplored and no technique undeveloped which may, if our hopes are realized, contribute to the peace of the world. Even if those hopes are disappointed, we can assure each other that this hemisphere at least shall remain a strong citadel wherein civilization can flourish unimpaired.

The Dominion of Canada is part of the sisterhood of the British Empire. I give to you assurance that the people of the United States will not stand idly by if domination of Canadian soil is threatened by any other empire.

These significant words met with instant and appreciative response from press and public in Canada . . .

What I should like particularly to emphasize is that these closer and more responsible relations with the United States have not in any way lessened the intimacy of our relations with the United Kingdom. On the contrary, this development has been paralleled by a clearer understanding by those two great countries of the ideals and interests they share together. This has found notable illustration in the paralleling of a Canada-United States trade agreement by a United Kingdom-United States agreement. There has been not merely a North American, there has been a growing north Atlantic understanding, though inevitably one involving less definite and crystallized relations and obligations. In this we in Canada have played some part; from it we have certainly derived great benefit. It is not a movement that can be hurried. It is a situation where it is for each country to decide upon its own interest in the long run as well as in the immediate phases.

## PARTIE 6/PART 6

SUJETS DIVERS  
MISCELLANEOUS

469.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 140

Ottawa, February 4, 1936

Sir,

I have the honor to refer to my notes Nos. 65 of October 28, 1935, 66 of October 30, 1935, and 95 of December 9, 1935, regarding the possible entry into Canadian waters of certain United States Coast Guard vessels, particularly to the visit in November, 1935, of certain of these vessels off the coast of Newfoundland, and to my letter of November 23, 1935 to Mr. Beaudry with regard to the trans[s]hipment of alcohol on the high seas.

The Norwegian steamship REIDUN left Antwerp October 23, 1935, with about 20,000 cases of alcohol, as well as a quantity of whiskey and gin. Several officers of the United States Coast Guard witnessed the unloading on the high seas near Newfoundland, on November 10-13, 1935, of the REIDUN's cargo of alcohol to the liquor vessels ALPACA, ISABEL H. ANAGAGANA, MAVIS BARBARA and FLORANN. The vessels mentioned are well known to the enforcement officers of my Government for their activities in the illicit liquor and alcohol traffic. Photographs of these vessels alongside the REIDUN were taken by George F. Hauser, Chief Electrician's Mate, attached to and serving on board the United States Coast Guard cutter PONTCHARTRAIN.

Inasmuch as a part of the original cargo of alcohol, whiskey and gin was undoubtedly intended for smuggling into Canada, it is believed that the Canadian authorities would be interested in the enclosed documents and photographs. The photographs are those mentioned above as taken by Hauser, and the documents are photostatic copies of statements made under oath by the Captain and the Supercargo of the REIDUN upon its arrival at Montreal on December 5, 1935, as well as of letters found during the examination of the documents of the Master of the REIDUN (obtained through the cooperation of the Superintendent of the Royal Canadian Mounted Police at Montreal).

There are also enclosed copies of affidavits made by the following Coast Guard Officers, who witnessed the unloading on the high seas on the dates named of the cargo of alcohol carried by the REIDUN:

- (1) Affidavit of Commander R. L. Lucas;
- (2) Affidavit of Lieutenant E. B. Johnson;

- (3) Affidavit of Lieutenant H. A. T. Bernson;
- (4) Affidavit of Ensign John Montrello;
- (5) Affidavit of Ensign F. V. Helmer.

This shipment of alcohol and similar shipments on the steamships ANDERS, TRAJAN, JAN and BODO (the last named having been unloaded at St. Pierre-Miquelon since the vessel's owners had instructed the captain not to discharge the cargo on the high seas) were apparently made, I am informed, at the instigation and under the direction of Mr. W. A. Shaw, of Halifax, Nova Scotia. Further, the MAVIS BARBARA, one of the vessels which loaded a part of the REIDUN's alcohol cargo, is a Canadian ship, registered at Lunenburg, Nova Scotia.

In connection with the interest previously expressed in my letter of November 23, 1935, to Mr. Beaudry, of my Government in the possible approach by the Canadian Government to the Belgian Government, I beg to inform you that similar sets of enclosures are being transmitted to the Governments of Norway and Belgium.

I avail etc.

NORMAN ARMOUR

470.

*Le secrétaire d'État aux Affaires extérieures au ministre des États-Unis*  
*Secretary of State for External Affairs to United States Minister*

No. 33

Ottawa, April 2, 1936

Sir,

I have the honour to refer to your note No. 140, dated the 4th February, 1936, and to your letter of the 23rd November, 1935, concerning the activities of the Norwegian steamers "Anders", "Trajan" and "Reidun", and the Danish steamer "Jan".

The information therein contained, together with the enclosures, was transmitted to the interested departments of the Canadian Government and is proving of great value to the Canadian Preventive Services. I am directed by the Government to express its appreciation of your action in this matter.

I observe that your Government has been endeavouring to induce the Belgian Government to require bonds for the production of landing certificates to insure deliveries at the port of destination of cargoes of alcohol and intoxicating liquors. Your Government desires that the Canadian Government should make representations to the Belgian Government supporting your request.

The interested departments of the Canadian Government are of the opinion that it is desirable that the Belgian Government should adopt the course which your Government is urging. Accordingly, the Canadian Gov-

ernment is prepared to take such action as may be appropriate in bringing the Canadian aspect of this problem to the attention of the Belgian Government.

Before taking any action in this matter, I should like to have such information as you may be able to give me with regard to the action already taken by your Government through the diplomatic channels. Further, I should like to be able to request that His Majesty's diplomatic representatives in Belgium should confer with the representatives of your Government, before discussing the matter with the Belgian authorities. Accordingly, I hope that you will be able to furnish me with as complete information as may be possible with regard to the action already taken, in order that there may be some prospect of Canadian representations being effective.

There is a further aspect of the problem with which you are doubtless familiar; the "Reidun" has already been seized by the United States Preventive Services and is presently subject to forfeiture proceedings in the United States Courts. This action has been taken under the powers conferred by the anti-smuggling legislation of 1935. I should like to have your opinion as to whether, in view of the seizure of the "Reidun", the action suggested should be deferred, pending the decision of the Courts in the forfeiture proceedings.

Accept etc.

O. D. SKELTON for the . . .

471.

*Le chargé d'affaires par intérim des États-Unis au secrétaire d'État  
aux Affaires extérieures*

*United States Chargé d'Affaires ad interim to Secretary of State  
for External Affairs*

No. 217

Ottawa, June 5, 1936

Sir,

I have the honor to refer to your note No. 107 of September 23, 1935, and to the Legation's note No. 69 of November 5, 1935, by which the agreement of 1932 permitting military aircraft of either the United States or Canada to fly over specified portions of the territory of the other country was amended and renewed for a further period of one year from July 1, 1935, to June 30, 1936.

I am now instructed by my Government to inquire whether the renewal of this agreement, including the same terms as are now in effect, for a period of one year beginning July 1, 1936, would be agreeable to the Canadian Government. The War Department of the United States, of course, concurs in this matter.

I avail etc.

ELY E. PALMER

472.

*Le secrétaire d'État aux Affaires extérieures au ministre des États-Unis*  
*Secretary of State for External Affairs to United States Minister*

No. 74

Ottawa, June 29, 1936

Sir,

I have the honour to refer to Mr. Palmer's Note No. 217 of June 5, 1936, concerning the renewal, for a period of one year, of the agreement of 1932 between our two Governments whereby military aircraft of either country are permitted to fly over specified portions of the territory of the other, and to state that the Canadian Government is agreeable to the proposed renewal.

It is understood that the present renewal covers the amendment included in the exchange of notes of September and November, 1935, by which the agreement of 1932 was extended until June 30, 1936.

I should, therefore, be grateful if I might be informed whether the present note and your reply would be accepted as extending the Agreement of 1932 for a further period of one year from July 1, 1936, to June 30, 1937, on the same terms as those agreed upon last year.

Accept etc.

O. D. SKELTON for the . . .

473.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 228

Ottawa, June 29, 1936

Sir,

I have the honour to acknowledge receipt of your note No. 74 of June 29, 1936, concerning the renewal, for a period of one year, of the agreement of 1932 between our two Governments whereby military aircraft of either country are permitted, under certain conditions, to fly over specified portions of the territory of the other, and have duly noted that the Canadian Government is agreeable to the proposed renewal.

It is understood that the present renewal covers the amendment included in the exchange of notes of September and November, 1935, by which the agreement of 1932 was extended until June 30, 1936.

It is further understood that by the exchange of your note under acknowledgement and of this reply thereto the agreement of 1932 is extended for a further period of one year from July 1, 1936, to June 30, 1937, on the same terms as those agreed upon last year.<sup>1</sup>

I avail etc.

NORMAN ARMOUR

474.

*Le ministre des États-Unis au secrétaire d'État aux Affaires extérieures*  
*United States Minister to Secretary of State for External Affairs*

No. 258

Ottawa, August 10, 1936

Sir,

I have the honor to refer to my note No. 140 of February 4th and to your reply thereto, No. 33 of April 2, 1936, concerning the activities of the Norwegian steamers "Anders", "Trajan" and "Reidun", and the Danish steamer "Jan".

In the latter note, you were kind enough to express the willingness of the Canadian Government to support representations to the Belgian Government in order to prevent the shipment from Antwerp of cargoes of alcohol intended for smuggling into the United States and probably also into Canada.

I have now been informed by my Government that no action was taken in the matter following the receipt of your note since the Belgian Ambassador in Washington had requested that no further representations be made until he had had an opportunity to present his views on the subject to his Government.

However, the return to Antwerp in May, last, of the British steamship HILLFERN with a large part of the 700,000 liters of alcohol with which it had cleared on March 28, 1936, again raised the question, in connection with preventing the reshipment of this cargo. As a result the Belgian Government has issued a decree, effective August 1, 1936, which was published in the MONITEUR BELGE of July 17, 1936, designed to prevent further illicit shipments. According to a telegram received from the American Chargé d'Affaires ad interim at Brussels, the decree in translation reads as follows:

EXPORTATION OF ALCOHOL WITH A REBATE IN  
THE EXCISE DUTIES

The Minister of Finance, in view of Article 8, Section 4, of the law of June 7, 1926 (MONITEUR of the 9th of the same month) extended by Article 13 of the law of July 13, 1930 (MONITEUR of the 18th of the same month) and which authorizes the Minister of Finance to take the necessary steps with a view to insure the collection of both the excise duties and the special consumption tax assessed on alcohol produced in Belgium;

<sup>1</sup> L'accord fut renouvelé chaque année jusqu'à son annulation le 11 septembre 1939.  
Agreement renewed yearly until cancelled on September 11, 1939.



Whereas, with the above aim in view, it is essential to take steps to prevent alcohol which has benefitted, upon exportation, from the rebate of the excise duties and the special consumption tax, from being fraudulently reimported;

The Director General of Customs and Excise Duties being in agreement,  
Decreets:

Article One. In order to be granted, in the case of exportation, the advantage of the rebate of the excise duties and the special consumption tax, alcohol of more than 50 degrees, as measured on the Gay-Lussac alcohol meter, at a temperature of 15 degrees centigrade, must be placed in metal barrels with a minimum capacity of 100 liters each.

This provision is not applicable to non-potable alcohol or to denatured alcohol and liquors or to alcohol taken on as part of the supplies to be used on board vessels.

Article Two. (Section) one. The exportation, with a rebate of the excise duties and the special consumption tax, by sea and otherwise than as supplies to be used on board, of alcohol to which Article 1 of the present decree is applicable, may be only on vessels belonging to regular steamship lines sailing from a Belgian port.

The exportation is also permitted on any other vessel on condition that it has a minimum tonnage of 3000 tons and that it transport at the same time other merchandise to an amount at least equal in quantity to the gross weight of the alcohol taken on board.

Section two. Customs officers charged with examination at the port of embarkation shall add on the certificate which they affix to the shipping documents one of the statements given below as the case may be:

(a) the merchandise has been loaded on the vessel (name) of (number) tons transporting other merchandise to the amount of (number) gross weight.

Article Three. The present decree shall come into force on August first 1936.

The Chargé d'Affaires further telegraphed on July 28, 1936, in reply to my Government's inquiry, that while persons who do not wish to avail themselves of the refund of excise duties and consumption taxes need not comply with the regulations, the alcohol could not profitably be sold abroad as the duties and taxes amount to about 60 francs per liter on alcohol of 100 degrees. It was further stated that the regulations cannot be applied to alcohol in transit through Belgium because of the provisions of the Barcelona Convention of December 1, 1921. This is believed to be the "Convention and Statute on Freedom of Transit", which was signed at Barcelona on April 20, 1921, and which was open for signature until December 1, 1921. The object of this Convention is to make provision to secure and maintain freedom of communications and transit. The average weight of a metal case containing 100 liters of alcohol at 100 degrees is said to be 115 kilograms. The United States Treasury Department had asked that the barrels contain a minimum of 50 gallons in order to increase the difficulty of transfer[r]ing them at sea.

The Chargé d'Affaires was informed that while the Treasury Department maintains its position that landing certificates are preferable, the action taken by the Belgian Government is much appreciated. Whether it will be successful in preventing further illicit shipments of alcohol from Antwerp remains to be seen.

I have been requested to bring the above to your attention and at the same time to add that my Government greatly appreciates the willingness of the Canadian Government to cooperate in this matter.

I avail etc.

NORMAN ARMOUR

475.

*Le ministre aux États-Unis au secrétaire d'État des États-Unis*  
*Minister in United States to United States Secretary of State*

No. 69

Washington, April 1, 1937

His Majesty's Minister for Canada presents his compliments to the Secretary of State, and has the honour to direct his attention to Section 351 of the United States Revenue Act of 1936, which imposes a surtax on the undistributed adjusted net income of personal holding companies. A question has arisen concerning the possible application of this section to personal holding companies which are incorporated in Canada and of which no shareholders are citizens of the United States. These companies have been proceeding in the belief that they are not subject to the United States Revenue Act of 1936, save in so far as any United States securities which they have in their portfolios may be subject to the deduction of the ordinary income tax. They are acting on the theory that, having paid by means of deduction or otherwise the ordinary tax on dividends and bond interest, they have completely complied with all provisions of the Revenue Act which concern them.

Consideration of the purpose of Section 351 of the Revenue Act supports this view. It is designed to compel the distribution of profits and to discourage the accumulation of reserves. Obviously it is intended to promote these objects in the United States and not in foreign countries, and therefore to apply only to personal holding companies which have to some degree at least, a United States national character. Furthermore, it is difficult to see how the requirements of this section could be enforced in the case of companies outside the jurisdiction of the United States in which citizens of the United States have no interest.

The regulations under the Revenue Act of 1936, however, which have been issued by the Treasury Department (Regulations 94, pages 451-463) might be construed as implying that such Canadian personal holding companies are considered to be subject to Section 351. While the section itself contains no reference to foreign companies, the regulations appear to envisage the filing of returns and the payment of surtax by all personal holding companies, wherever situated and whatever their ownership, with respect to any income which they may derive from sources in the United States.

It is assumed that it is not the intention of the Treasury Department to seek to impose so extreme an interpretation of Section 351 on personal holding companies organized and wholly owned in Canada. The Canadian authorities have been approached by one such company which is anxious to prevent the possibility of claims later arising, and there are doubtless a number of other Canadian companies in the same position. The Treasury Department has on many occasions cooperated in working out on a reasonable basis intricate problems arising out of the taxation systems in the United States and Canada. It would be helpful, in order to avoid possible difficulties at a later stage, if the Treasury Department could now give an assurance that Canadian personal holding companies of which no shareholders are citizens of the United States are not considered to come within the purview of Section 351 of the Revenue Act. The Canadian Minister would be grateful if the Secretary of State would be kind enough to inform him whether such an assurance may be given.

476.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 783

Washington, July 15, 1937

Sir,

I have the honour to refer to my despatch No. 493 of May 18th, 1937,<sup>1</sup> and previous correspondence concerning the application to Canadian companies of the surtax imposed on personal holding corporations by Section 351 by the United States Revenue Act of 1936. The Department of State has now replied to my note of April 1st on this matter along the lines indicated in my last despatch. I enclose herewith a copy of the reply and its enclosure.

2. You will observe that the Treasury Department considers that Canadian personal holding corporations which derive more than half their gross income from the United States cannot be considered to be outside the scope of the tax imposed by Section 351. If less than half the income of such corporations is derived from the United States, the Treasury Department does not contemplate asserting any liability under this section. It is added that the representations made on this subject will be considered in connection with future legislation.

3. I should be glad to receive your observations on the contents of this note. In replying to it it may be advisable to suggest that certain changes

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<sup>1</sup> Non reproduite/not printed.

should be made in the Revenue Act in order to meet the position of Canadian holding companies which draw more than half their income from the United States.

I have etc.

HERBERT M. MARLER

[PIÈCE JOINTE/ENCLOSURE]

*Le secrétaire d'État des États-Unis au ministre aux États-Unis*  
*United States Secretary of State to Minister in United States*

Washington, July 13, 1937

The Secretary of State presents his compliments to the Honorable the Minister of Canada and refers to the latter's note No. 69, dated April 1, 1937, containing certain observations regarding the regulations established by the Treasury Department in connection with Section 351 of the Revenue Act of 1936.

The Minister's observations have received careful consideration and the views thereon of the appropriate authorities of this Government are quoted below for his information.

"Section 351, IA, Revenue Act of 1936, reads as follows:

(a) *Imposition of Tax.*—There shall be levied, collected, and paid, for each taxable year (in addition to the taxes imposed by Title I), upon the undistributed adjusted net income of every personal holding company a surtax equal to the sum of the following:

(Here follows the rate structure under the section)

Subsection (b) defines a personal holding corporation and the income upon which the tax is imposed.

Regulations 94, interpretative of the Revenue Act of 1936, contain a series of articles, Articles 351-1 to 351-9, both inclusive, devoted to the interpretation of section 351. Article 351-1 of such Regulations reads in part as follows:

A foreign corporation, whether resident or non-resident, which is classified as a personal holding company under section 351 (b) (1) and article 351-2, is subject to the tax imposed by section 351 with respect to its income from sources within the United States. (See Section 119.)

Thus, the Regulations draw the conclusion that foreign corporations otherwise qualifying as personal holding corporations are subject to the tax imposed by section 351. Such interpretation appears to be unavoidable in view of the quoted language of section 351 which, it will be observed, applies to "every personal holding company", and makes no exception in the case of foreign personal holding companies regardless

of whether the shareholders of such corporations are subject to United States surtax. This position appears not at variance with the fundamental principles of the enactment. In Senate Report No. 558 (73rd Congress—Second Session) on the Revenue Act of 1934 which was the first provision imposing the tax on personal holding corporations, appears the following:

The effect of this system is to provide for a tax which will be automatically levied upon the holding company without any necessity for proving a purpose of avoiding surtaxes. It is believed that the majority of these corporations are in fact formed for the sole purpose of avoiding the imposition of the surtax upon the stockholders.

It should not be overlooked that subsection (a) of section 231, Revenue Act of 1936, imposing a tax on items of fixed or determinable annual or periodical income received by nonresident foreign corporations in lieu of the taxes imposed on corporations generally by sections 13 and 14, is not in lieu of the taxes imposed by section 351 of the Act, which latter section appears in another Title of the Revenue Act of 1936. Reference to the language of subsection (a) of section 351 quoted above discloses that the tax thus imposed is "in addition to the taxes imposed by Title I".

The note of the Minister of Canada appears to take the view that a Canadian personal holding corporation, having paid the tax, by deduction at the source, upon fixed or determinable annual or periodical income from sources within the United States under sections 231 and 144 of the Revenue Act of 1934, has fully complied with the provisions of our laws. I wish to suggest that such view is not wholly correct since under certain circumstances the dividends paid by such corporations may constitute income from sources within the United States which are subject to tax in the hands of the non-resident alien shareholders of such corporations. Such situation arises by reason of the provisions of section 119 of the Revenue Act of 1936. That section, in so far as pertinent, provides as follows:

SEC. 119. INCOME FROM SOURCES WITHIN UNITED STATES.

(a) GROSS INCOME FROM SOURCES IN UNITED STATES.

The following items of gross income shall be treated as income from sources within the United States:

(2) DIVIDENDS.—The amount received as dividends—

(3) from a foreign corporation unless less than 50 per centum of the gross income of such foreign corporation for the three-year period ending with the close of its taxable year preceding the declaration of such dividends (or for such part of such period as the corporation has been in existence) was derived from sources within the United States as determined under the provisions of this section; but only in an amount which bears the same ratio to such dividends as the gross income of the corporation for such period

derived from sources within the United States bears to its gross income from all sources; but dividends from a foreign corporation shall, for the purpose of section 131 (relating to foreign tax credit), be treated as income from sources without the United States;

If, therefore, a Canadian personal holding corporation derives 50 percent or more of its gross income from sources within the United States during the period indicated, then, under present law, the dividends paid by such corporations (to the extent that such dividends constitute income from sources within the United States) are subject to tax in the hands of the Canadian share-holders (nonresident aliens as to the United States) under the provisions of subsection (a) of section 211 of the Revenue Act of 1936 and such stockholders should file returns and pay the tax thereon since, for obvious reasons, the tax is not withheld at the source by the paying corporation. It therefore follows that in theory, at least, our revenue laws are concerned with the distribution of such dividends.

However, in the case of Canadian personal holding corporations less than 50 percent of whose income is derived from sources within the United States, a different situation arises since the dividends paid by such corporations do not constitute income from sources within the United States, and hence are not subject to tax in the hands of Canadian residents, nonresident aliens as to the United States. Regulations 94 contain no specific provision dealing with such a situation for the reason that it was believed there would be only a few cases to which it would have application and that they could be dealt with, as they arose, by administrative ruling.

I have, therefore, to advise you that, as to those Canadian personal holding corporations, deriving 50 percent or more of their gross income from sources within the United States, none of whose shareholders are citizens or residents of the United States, I am unable to give the assurance that such corporations are not liable to the tax imposed by section 351 of the Revenue Act of 1936. However, in the case of such corporations deriving less than 50 percent of their gross income from United States sources, you are advised that this Department does not contemplate attempting to assert liability under section 351 of the Revenue Act of 1936. The representations of the Canadian Legation with respect to the interpretation of existing law will, however, be considered in connection with future legislation.

Relief from the tax imposed by section 351 can be obtained by compliance with section 351 (d) providing as follows:

(d) Payment of surtax on Pro Rata shares.—The tax imposed by this section shall not apply if (1) all the shareholders of the corporation include (at the time of filing their returns) in their gross income their entire pro rata shares, whether distributed or not, of the adjusted net income of the corporation for such year, and (2) 80 per centum or more of such adjusted net income is so included in the gross income of shareholders other than corpora-

tions. Any amount so included in the gross income of a shareholder shall be treated as a dividend received. Any subsequent distribution made by the corporation out of earnings or profits for such taxable year shall, if distributed to any shareholder who has so included in his gross income his pro rata share, be exempt from tax in the amount of the share so included.

The income reported in accordance with the above section in the returns required to be filed for the year 1936 on or before June 15, 1937, would be subject to tax under section 211(a) or 231(a) at 10 per centum or at the rate of 5 per centum to those entitled thereto in the event the pending Tax Convention between the United States and Canada is ratified."

In connection with the general subject of foreign personal holding corporations, there is enclosed as of possible interest to the Minister, a copy of Internal Revenue Bulletin XVI, on page three of which appears C.C.M. 18077, dealing with the determination of gross income of such corporation for the purpose of Section 351.

477.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 320

Ottawa, August 6, 1937

Sir,

With reference to your despatch of the 15th of July, 1937, No. 783, concerning the application to Canadian companies of the surtax imposed upon personal holding corporations by Section 351 of the United States Revenue Act of 1936, I now have the honour to enclose herewith for your perusal a copy of a letter<sup>1</sup> from the Commissioner of Income Tax. You will observe that Mr. Fraser Elliott is inclined to the view that Regulation 94 interpreting Section 351 is not correct in law, having regard to the fact that Canadian companies are not subject to "United States jurisdiction for the doing or the not doing of certain corporate acts". Mr. Elliott also holds that the tax imposed on every personal holding company should be interpreted to mean every personal holding company "within the jurisdiction of the United States laws".

I shall be very much obliged if you will take this matter up with the legal officers of the Treasury Department and let me know what interpretation they put upon the Regulation.

I have etc.

O. D. SKELTON for the . . .

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<sup>1</sup> Non reproduite/not printed.

478.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 892

Washington, August 11, 1937

Sir,

I have the honour to refer to your despatch No. 325 [*sic*-320] of August 6th, 1937, with which you enclosed a copy of a letter from the Commissioner of Income Tax, who is inclined to the view that Regulations 94 interpreting Section 351 of the Revenue Act of 1936 which imposes surtax upon personal holding corporations is not correct in law.

2. I hesitate to discuss this question again at the Treasury unless there are strong grounds for taking such action. The question of whether Regulations 94 provide a correct interpretation of Section 351 was raised in our Note No. 69 of April 1st, 1937, to the State Department and was thereafter discussed verbally with the competent officials of the Bureau of Internal Revenue on several occasions. The problem was approached from every possible angle and the position taken by the Bureau of Internal Revenue and by the legal officers of the Treasury, to whom the question was referred, was that the interpretation set forth in Regulations 94 was correct and could not be altered. This position is reaffirmed in unmistakable language in the State Department's note to the Legation of July 13th, a copy of which accompanied my despatch No. 783 of July 15th, 1937. In view of the exhaustive discussion which has already taken place, it is my belief that no progress would be made by returning to this point again.

3. It appears likely that at the next session of Congress a new Revenue Act will be written. In this connection may I refer to my despatch No. 493 of May 18th, 1937,<sup>1</sup> in which I informed you that the officials of the Bureau of Internal Revenue stated confidentially that they were not satisfied with the law as it stands in so far as it imposes surtax on personal holding corporations owned entirely by aliens and in which no interest was held by citizens of the United States. Accordingly, they agreed to include in their reply to our representations an observation to the effect that, should the question of new legislation arise, the representations of the Canadian Legation would be carefully considered. This observation is included in the State Department's note of July 13th. The officials of the Bureau of Internal Revenue suggested that it would be helpful if the Legation, after receiving the Department of State's reply, were to send another note reaffirming the interest of the Canadian authorities in new legislation and urging that chan-

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<sup>1</sup> Non reproduite/not printed.



ges be made in the law. They felt that such a note would strengthen the hand of the Bureau in requesting Congress for new legislation.

3. I would suggest that representations urging alteration in the present law be made to the State Department rather than a further request for consideration of the validity of Regulations 94, which has already been exhaustively discussed. I should be grateful to receive your instructions in due course.

I have etc.

HERBERT M. MARLER

479.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 199

Ottawa, April 13, 1938

MOST SECRET

Sir,

I have the honour to state that some investigation is being made here into the question of the advisability of taking precautions against the consequences to the civil population of enemy air raids, if such raids should occur. This concerns what may be called passive measures as distinguished from military defence against raiding aircraft.

I need scarcely say that a highly important consideration to be weighed in this connection is the disturbance of the public mind that would inevitably be produced by any overt investigations or preparations, or by any program involving consultations or co-operation with agencies in Canada outside the Government, for any such steps would quickly become public property.

Since no news stories have been observed here indicating the existence of such outside investigations or preparations in the United States, it would seem that the Government in Washington have not yet undertaken such a step and do not, in existing circumstances at all events, consider it necessary or advisable.

It would be much appreciated if information could be obtained as to what investigations or preparations, if any, the United States Government may be carrying out or contemplating, either within their own establishment or in consultation with outside bodies, in connection with this question so far as their country is concerned. I should be glad if you would raise this matter in the appropriate quarter, and in the strictest confidence, at the earliest convenient moment.

If they are in a position to give any information or observations along these lines, we should of course fall in with their views as to the most suitable manner of receiving what they may impart, and treat it as confidential and strictly for the use of the Canadian Government.

I have etc.

O. D. SKELTON for the . . .

480.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 259

Ottawa, May 10, 1938

MOST SECRET

Sir,

I have the honour to refer to my most secret communication No. 217 of April 26th,<sup>1</sup> respecting your discussions with the State Department on the subject of air-raid precautions. I should be grateful if, in continuation of those discussions, you would request, for the strictly confidential use of the Canadian Government, the "Summary of Information", prepared by the War Department, covering passive defensive measures against air attack to be carried out in war by such civil communities as may be exposed to air attack. If, for any reason, the United States authorities should appear reluctant to release or loan a copy of the "Summary of Information"—and I would not ask specifically for a copy—the Canadian Government would, of course, be quite satisfied with an outline of the passive defensive measures, sufficiently detailed to be of use to them in their consideration of the advisability of taking precautions against the consequences to the civil population of enemy air-raids, and passive defensive measures to be carried out in the event of war by civil communities exposed to air attack.

A further point which would be of value to the Canadian authorities studying the question, is whether or not it has been found necessary by the United States authorities in preparing the "Summary of Information" to approach civilian authorities in any of the exposed areas such, for example, as Sanitary Engineers, Red Cross Officials, Fire Marshals, or similar civil officers who would be called upon to undertake certain duties in the event of the defensive measures having to be applied. Our own view is that it would be highly undesirable to adopt any programme involving, at this stage, co-operation or even consultation with officials or agencies in Canada outside

<sup>1</sup> Non reproduite/not printed.

the Government. If it is at all feasible to prepare a plan or outline of precautionary defensive measures without consulting such authorities, we do not desire to do so.

I have etc.

O. D. SKELTON for the . . .

481.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 742

Washington, May 31, 1938

MOST SECRET

Sir,

I have the honour to refer to your Most Secret Despatch No. 259 of the 10th of May instant. Immediately on receipt of that communication I saw Mr. Sumner Welles the Under-Secretary of State with whom I had had previous interviews in respect to the matter raised in your despatch under reference. You will recall that that despatch dealt with the subject of air raid precautions and you asked if I would request for the strictly confidential use of the Canadian Government the "Summary of Information" prepared by the War Department covering passive defensive measures against air attack to be carried out in war by such civil communities as might be exposed to air attack.

2. The further instructions as contained in your Despatch No. 259 were also carefully observed and communicated in the form therein indicated to Mr. Welles. I am now in receipt of his reply. I enclose such reply<sup>1</sup> in the form as so received but have retained a copy for use in my secret fyle in this Legation.

3. Mr. Welles in his answer on this subject says that the Assistant Secretary of War (Colonel Johnson) or any one of his associates will be very glad to clarify orally any of the points contained in the Memorandum<sup>1</sup> now submitted which may not appear to be entirely clear. I would therefore be greatly obliged if after examination of the Memorandum now enclosed you would instruct me in respect to the securing of any further information which you might consider useful or necessary in the objectives it is sought to have achieved.

I have etc.

HERBERT M. MARLER

<sup>1</sup> Non reproduits/not printed.

482.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1645

Washington, September 5, 1939

CONFIDENTIAL

Sir,

I have the honour to refer to my telegram No. 87<sup>1</sup> of today's date on the subject of the proposed new regulations concerning the admission to the United States of persons from Canada.

2. This morning I was informed informally and confidentially by the State Department that the United States authorities were proposing to put into effect regulations under which passports and visas would be required of all persons entering the United States from Canada. In view of the importance of this information I requested the Chief of the Visa Division to discuss the matter with me in person. An informal meeting was held this afternoon at the State Department at which there were present Mr. A. M. Warren, Chief of the Visa Division, Mr. J. F. Harrington of the Visa Division, Mr. E. T. Wailes of the State Department, Mr. I. F. Wixon Deputy Commissioner of the Immigration and Naturalization Service of the Department of Labor. I was accompanied by Mr. Reid and Mr. Allard.

3. Mr. Warren stated that the United States authorities regretted the necessity of taking the proposed action. One reason, which he gave in confidence, is that they wish to control very carefully the admission of persons across their southern border and that it would be impossible to apply different rules to their northern border. A second reason advanced is that they have been informed by His Majesty's Consul General at Seattle that he believes that fifty alleged terrorists are trying to enter the United States from Canada, in order to secure explosives and that under their present regulations it is almost impossible for them to prevent the entry of such persons. Mr. Warren assured me that if these alleged terrorists do enter the United States they will be carefully shadowed and if it is impossible to arrest them their movements will be reported to the Canadian authorities.

4. The proposed new regulations have been drafted and three copies are enclosed. It is possible that changes will be made before these are submitted next Thursday, September 7, for the approval of the Secretaries [*sic*] of State and Labor. Mr. Warren will inform me immediately of the decision of the Secretaries [*sic*] of State and Labour and will give me the text of the regulations, if any, which are approved of by them. Mr. Warren was of course un-

<sup>1</sup> Non reproduit/not printed.

willing to state definitely whether he expected the regulations to be approved but I am strongly convinced that the officials in the State Department and in the Department of Labor will urge their acceptance.

5. If the regulations are approved of on September 7, it is proposed that they should go into effect about Thursday, September 14. The public will not be informed of these regulations until they come into effect since the giving of public notice might well defeat their purpose.

6. You will note that under the new regulations Canadians and others entering the United States from Canada will be required to have passports properly visaed. The regulations governing persons entering the United States from Canada will be identical with the regulations governing the admission of persons from such countries as the United Kingdom.

7. It was made clear in our discussions that the United States authorities while anxious to control effectively the admission of all persons to the United States are desirous that there should be as little disruption as possible to the free movement of persons across the Canadian border. They welcomed suggestions from us on possible methods to minimize the disruption.

8. Mr. Warren suggested that for a day or so after the coming into effect of the regulations a Canadian businessman who had been in the habit of crossing the United States frontier on business might be admitted if the Canadian immigration officer at the Canadian port of entry opposite the United States port of entry gave him clearance. The United States immigration officer could hardly accept the responsibility of admitting to the United States a Canadian whose departure from Canada might not be desired by the Canadian Government.

9. In order to make it possible for Canadian commuters to continue to work in the United States without interruption, Mr. Warren suggested that they should be informed on the day on which the regulations came into force that their identification cards would remain valid for at least a temporary period if they were endorsed by the Canadian immigration inspector opposite the point of entry, and that during this temporary period it would not be necessary for them to secure passports.

10. Since on the coming into effect of the new regulations there would immediately be a great demand at the United States Consulates in Canada for visas, Mr. Warren was prepared to instruct the United States Consulates to put aside their ordinary immigration work for a period of a month or so in order that the staffs could be turned over entirely to the work of granting visas.

11. I reminded Mr. Warren that at present Canadian immigration officers admit freely to Canada United States citizens and aliens legally resident in the United States if they are certain that there will be no difficulty about their readmission to the United States at the end of their temporary visit to Canada. It was therefore important for the Canadian immigration authorities to know what evidence United States immigration officials would demand in the future

from such persons when they sought to reenter the United States. Mr. Warren replied that after the coming into effect of the new regulations the United States immigration officials would demand from such persons conclusive evidence that they were United States citizens or aliens legally resident in the United States.

12. Mr. Warren asked whether the Canadian authorities intended to put into effect similar regulations to apply to persons entering Canada from the United States. He indicated that he thought it was extremely probable that Canada would desire to control effectively the admission of all persons to Canada. I replied that I had not been informed of any proposed changes in the Canadian laws and regulations concerning this matter. (See your despatch No. 464 of August 28, 1939.<sup>1</sup>)

13. Mr. Warren made it clear that the United States authorities would welcome the putting into effect by Canada of regulations, similar to the United States regulations, regulating the admission to Canada of persons from the United States. If the Canadian authorities decided to put such regulations into force he stated that it would be desirable if the same date could be agreed upon for the entry into effect of both sets of regulations.

14. It was made clear that the State Department would appreciate being given informal and confidential notice of any changes contemplated by Canada in the regulations governing the entry into Canada of persons from the United States.

15. Mr. Warren stated that the proposed new regulations would not apply to Canadians now resident in the United States as long as they remained in the United States. If they were to leave the United States they would of course require passports and visas in order to return.

16. Our discussions this afternoon with the representatives of the Department of State and with Mr. Wixon were very friendly and I know that they would welcome your suggestions on how to minimize the disruption which the new regulations will cause to the free movement of persons across the frontier from Canada to the United States. The United States representatives undoubtedly felt that the regulations which they were recommending to the Secretaries [*sic*] of State and Labour would be in the interest of Canada since they would enable the Canadian authorities to forbid the departure of any one from Canada to the United States by refusing him a passport.

17. In the event that the proposed new regulations are approved of by the Secretary of State and the Secretary of Labor in much their present form, it is of course obvious that there will immediately be a great demand for passports from you, particularly from persons in such cities as Montreal, Toronto, Windsor, Winnipeg, Vancouver and Victoria.

I have etc.

W. A. RIDDELL

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<sup>1</sup> Non reproduite/not printed.

483.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires aux États-Unis  
Secretary of State for External Affairs  
to Chargé d'Affaires in United States*

DESPATCH 484

Ottawa, September 8, 1939

Sir,

I have the honour to acknowledge receipt of your despatch of the 5th September No. 1645 regarding the new regulations that certain officials of the United States Government have proposed for adoption with respect to the admission to the United States of persons from Canada.

This matter has now been considered by the appropriate Departments of the Canadian Government and as was explained to you over the telephone this afternoon by Mr. Keenleyside we see no good reason why the practice of more than a century should now be altered in this drastic manner. For your information I enclose a copy of the memorandum, part of which was dictated during the telephone conversation referred to above. It sets forth in some detail the views of the Canadian Government and I should be grateful if you will make these views known to the Government of the United States in whatever manner you consider most likely to be effective. Please keep me carefully and immediately informed of all developments in respect to this matter.

I have etc.

O. D. SKELTON for the . . .

[PIÈCE JOINTE/ENCLOSURE]

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

September 8, 1939

## PROPOSED ALTERATION IN UNITED STATES BORDER REGULATIONS

I. This matter has been discussed with the officials of the Immigration Branch and representatives of the Police. The following views were unanimously expressed.

II. The imposition of the new rules would be undesirable because:

A. they would destroy a condition that has existed to the general satisfaction of everyone concerned for over a century. They would constitute a long step towards the disappearance of one of the last civilized frontiers.

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<sup>1</sup> H. L. Keenleyside à/to O. D. Skelton.

B. no reasons advanced by the United States authorities and no evidence that can be adduced from our experience in the last war indicates the need for any such action.

C. they would impose upon the people of Canada—and upon citizens of the United States if we introduce parallel regulations—new and unnecessary difficulties and expense.

D. if introduced without warning, as the United States officials propose, they will result in a great disruption of normal and customary procedure with attendant delays, anxieties, hardships and pecuniary loss.

E. they will require the establishment of a greatly extended and otherwise wholly unnecessary organization, for the issuance of passports or other similar documents, in Canada. An increased burden will also be placed on the Canadian Immigration Service because of the necessity of carrying out a very detailed examination of every person resident in the United States who seeks to enter Canada, in order to establish beyond question his right to re-enter the United States.

F. they will cause annoyance to nationals of both states—even if Canada does not introduce reciprocal rules—and do much to weaken the very cordial sentiments towards the United States that have developed in Canada during recent years.

III. The imposition of the new rules by the United States might prove beneficial to Canada in the following ways:

A. the income of the Government would be increased by a greatly expanded demand for passports and for letters of identification.

B. the number of Canadians who would visit the United States would be materially reduced with a proportionate benefit to our dollar exchange position.

IV. It was suggested that the tangible benefits that Canada would derive from the proposed enactments would be far less important than the disservice that would be done to Canadian-American friendship.

V. It was particularly agreed that regardless of the action of the United States, Canada should not impose any such hardships upon persons resident in the United States who seek to visit the Dominion.

VI. It was noted that the argument that the Northern and Southern borders of the United States could not be treated differently in a matter of this nature is contradicted by current practice under the United States Customs law.

VII. It was felt that the general considerations noted above should be brought to the attention of the Government of the United States and that Canada's opposition to the enactment of the new regulation should be made known.



VIII. If, in spite of Canadian remonstrance, the Government of the United States persists in its intention to follow the course now under consideration, it was agreed that a particular protest should be made against the proposal to bring the new rules into effect without previous warning.

IX. It is to be noted that any action that is to be taken must be taken at once—perhaps by telephonic instructions to our Legation—or even by sending to Washington a special representation to present the Canadian views to the Secretary of State, the Secretary of Labour and, if it is considered advisable, to the President himself. (If the matter is to be considered by the United States Cabinet a direct word to Secretary Wallace and Attorney General Murphy might prove very useful as neither has any great love for the State Department or the Department of Labour, and both have considerable influence with such other members of the Cabinet as Mr. Hopkins and Mr. Ickes.)

484.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1692

Washington, September 9, 1939

Sir,

With further reference to my telephone conversation of September 8th, 1939, with Dr. H. L. Keenleyside, regarding the proposed new United States' immigration regulations, I have the honour to inform you that immediately after this conversation I arranged to discuss the matter with Mr. Avra M. Warren, Chief of the Visa Division in the State Department, and his assistant.

2. After recalling that I had pointed out in our previous interview that I had not been informed of any proposed changes in the Canadian laws and that the instructions which were in the Legation indicated that the Government had no intention of changing its regulations regarding the admission of citizens from the United States, I stated that the Canadian authorities were very much disturbed over the proposed new regulations. I then explained that the Canadian Government considered the proposed new rules undesirable and enumerated the reasons given in your telephone memorandum. Mr. Warren stated that when they had drawn up the new rules they had thought that these would be even more welcome to Canada than to the United States. It was clear from what I had just said that this was not the case. Canadian opposition introduced a new factor and under the circumstances it is quite possible that the Secretary of State and the Secretary of Labour might decide not to proceed with the new regulations.

3. Mr. Warren referred to a conversation with Secretary Hull in which the latter had made it clear that he would be unfavourable to approving any changes which would interfere with the free intercourse of the Canadian and American peoples.

4. Mr. Warren assured me that my representations would be brought to the attention of the Secretary of State and the Secretary of Labour and that I would be notified of any action that they contemplated taking.

5. I assured Mr. Warren that in the present emergency the United States' authorities could rely as in the past upon the fullest cooperation and collaboration from the Canadian authorities in the enforcement of the present legislation regulating the movement across our common frontier.

I have etc.

W. A. RIDDELL

## CHAPITRE IV / CHAPTER IV

### ORGANISATIONS INTERNATIONALES,<sup>1</sup> CONFÉRENCES INTERNATIONALES ET DIVERS PAYS

### INTERNATIONAL ORGANIZATIONS,<sup>1</sup> INTERNATIONAL CONFERENCES AND INDIVIDUAL COUNTRIES

- |  |                                      |
|--|--------------------------------------|
| 1. Organisations internationales           | 1. International Organizations       |
| a. Organisation internationale du Travail  | a. International Labour Organization |
| b. Union panaméricaine                     | b. Pan-American Union                |
| 2. Conférences internationales             | 2. International Conferences         |
| a. Conférence navale de Londres            | a. London Naval Conference           |
| b. Conférence internationale sur le blé    | b. International Wheat Conference    |
| c. Conférence interaméricaine sur la radio | c. Inter-American Radio Conference   |
| 3. Divers pays                             | 3. Individual Countries              |
| a. Allemagne                               | a. Germany                           |
| b. Cuba                                    | b. Cuba                              |
| c. France                                  | c. France                            |
| d. Japon                                   | d. Japan                             |
| e. Union soviétique                        | e. Soviet Union                      |

#### PARTIE 1/PART 1

### ORGANISATIONS INTERNATIONALES INTERNATIONAL ORGANIZATIONS

#### ORGANISATION INTERNATIONALE DU TRAVAIL

a.

#### INTERNATIONAL LABOUR ORGANIZATION

485.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre du Travail*

*Under-Secretary of State for External Affairs  
to Minister of Labour*

Ottawa, June 4, 1936

Dear Mr. Rogers,

With regard to your telephoned enquiry of yesterday as to draft conventions coming before the International Labour Conference at the present session,

<sup>1</sup> Pour la Société des Nations voir chapitres VI et VII.  
For League of Nations see Chapters VI and VII.

I have only had an opportunity of glancing very briefly at the conventions and of talking it over with Mr. Read and Mr. Robertson. Mr. Read very strongly concurs in the view that it would be anomalous to vote for adoption of the conventions regulating hours of work in the private industries listed before the question of the extent of Federal jurisdiction, which has been definitely raised, is determined by the courts. The fact that only two of the Provinces have indicated a definite opinion would seem to make for the same conclusion . . . . The time has passed when we could regard labour conventions as pious aspirations. It is true that very many countries have approved the draft conventions without taking any action to implement them later, but my personal view would be that such important matters of policy should be considered by the Government and by the industries and labour interests concerned before any action is taken. A 40 hour week in public works is reasonable in principle, but the vital question whether it is to mean a reduction in hours without any reduction in pay hardly seems to be sufficiently covered by the reference in the Preamble to the "maintenance of standards of living". I believe one of the grounds of the British objection is that there is no guarantee or any machinery for guaranteeing the working out of this principle.

A suggestion has been made that the question might be referred to the National Employment Commission, and a statement to that effect might be made at Geneva. I am uncertain as to whether that is the sort of question that it is the Government's intention to refer to the Commission.

Will the question of holidays with pay which I notice was raised in the House of Commons last week, come before the Conference at this session?

Yours sincerely,

O. D. SKELTON

486.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre du Travail*

*Under-Secretary of State for External Affairs  
to Minister of Labour*

Ottawa, May 19, 1938

Dear Mr. Rogers,

I had a call today from the Chargé d'Affaires of the United States Legation to say that Mr. John G. Winant was a candidate in succession to Mr. Butler as director of the International Labour Office, that his candidature was approved by the United States Government and that they desired to know whether the Canadian Government had reached any conclusion as to its policy in the matter. Mr. Simmons referred to the administrative capacity, the broad social outlook and the deep integrity of Mr. Winant.

Mr. Gerald Brown had informed me this morning that if Mr. Winant were a candidate he would have your support. I, therefore, told Mr. Simmons that the Department of Labour had already considered the question, and I

understood that, if Mr. Winant were available as a candidate and as Mr. Simmons had indicated the support of the United States authorities would be given, he would receive the support of the Canadian representatives.

Yours sincerely,

[O. D. SKELTON]

487.

*Décret du Conseil*

*Order in Council*

P.C. 1251

June 4, 1938

The Committee of the Privy Council have had before them a report, dated June 3rd, 1938, from the Secretary of State for External Affairs, representing:

That on the 30th day of May, 1932, the Secretary General of the League of Nations communicated to His Majesty's Government in Canada the text of the Convention Concerning the Protection Against Accidents of Workers Employed in Loading or Unloading Ships (revised 1932), adopted by the International Labour Conference at its Sixteenth Session held at Geneva from April 12th to April 30th, 1932;

That the said Convention came into force on October 30th, 1934, in accordance with the provisions of Article XX thereof; and

That the said Convention has been approved by Resolution of the Senate and of the House of Commons of Canada.

The Minister, therefore, with the concurrence of the Minister of Labour, recommends that the said Convention be ratified and that formal communication be made thereof to the Secretary General of the League of Nations.

The Committee concur in the foregoing recommendation and submit the same for approval.

E. J. LEMAIRE

488.

*Le délégué permanent [SDN] au ministre du Travail*

*Permanent Delegate [L. of N.] to Minister of Labour*

[Geneva] November 30, 1938

CONFIDENTIAL

My dear Mr. Rogers,

When I saw you before leaving for Geneva you may remember that it was agreed that I should send to you suggestions concerning our relationship with the International Labour Organisation. I have delayed doing so longer than I expected, but I am now enclosing a memorandum in which I review briefly the present position of the International Labour Organisation and make certain proposals for the alteration of our current practices.

I think that every informed person would agree that the Canadian contribution to the International Labour Organisation has been small and that the most important reason for this has been the limitations of our federal system. Whether we should take a more positive attitude in prevailing circumstances is a political decision. Since the adhesion of the United States to the Organisation, however, our often repeated explanation of our limited activity is not as convincing as it was, since the United States Government has assumed a leading part although hampered by the same sort of constitutional restrictions as Canada.

One set of suggestions in the enclosure relates to problems which concern most federal States to some degree. I believe that an informal discussion of these problems with the authorities in Washington would be valuable, as it would be advantageous for Canada and the United States to follow a similar procedure in dealing with them. I also discuss a special problem which is wholly Canadian—what should be done about the three Conventions ratified in 1935 by the Conservative Government which we have not been able to enforce since the decision of the Judicial Committee in 1937.

A recommendation to which I attach importance relates to the composition of the Canadian delegation at the International Labour Conferences. I hope that you may find it possible to depart from the practice followed since 1924 of appointing as advisers to the Government delegates one or more representatives of the national labour organisations in Canada. In addition, I put forward a general suggestion that the Canadian representatives at meetings of the Governing Body and of the Conference might take a more vigorous line.

I hope that, in spite of the urgent pressure on your time, you will find an opportunity to consider these suggestions and to let me know in due course what you think of them. Since on some points they relate to matters of interest to the Department of External Affairs, I am sending a copy of the memorandum and of this letter to Dr. Skelton for his information.

Yours sincerely,

[H. H. WRONG]

[PIÈCE JOINTE/ENCLOSURE]

*Mémoire*<sup>1</sup>

*Memorandum*<sup>1</sup>

SOME PROPOSALS CONCERNING CANADA AND  
THE INTERNATIONAL LABOUR ORGANISATION

Geneva, November 30, 1938

### *I. The Present Position of the International Labour Organization*

It is possible to make a respectable case for the view that the International Labour Organisation is in a fairly flourishing condition. It has a wider mem-

<sup>1</sup> De/by H. H. Wrong.

bership than the League of Nations, and several States which have resigned from the League have continued to belong to the Organisation. Only three important countries, Germany, Italy and Japan, are now outside the Organisation, with Italy still nominally a member as her resignation will not take effect until the end of next year. The Organisation has the great advantage of the membership of the United States. Brazil, though outside the League, is also a member and Chile and Venezuela, which have given notice of their resignations from the League, are remaining in the Organisation. In its membership the Organisation has maintained its position distinctly better than the League of Nations.

On the other hand the participation of some members in the work of the Organisation is nominal. While it is possible to belong to the Organisation without being a member of the League, it is not possible to belong to the League without being a member of the Organisation. The chief non-active member is the U.S.S.R. which, though holding a permanent seat on the Governing Body, has sent no representative to its meetings for over a year and was not represented at the last International Labour Conference. At present the U.S.S.R. is only a member of the Organisation in a technical sense.

The absence of the U.S.S.R. from all meetings is indicative of the problems which the Organisation has to face if it is to fulfil the intentions of its founders. The effective working of the unique feature of its Constitution—the participation of representatives of Employers and Workers together with those of Governments—seems to assume the continued existence, at least in important industrial countries, of a free capitalist system. When the U.S.S.R. sent an Employers' delegate to the Labour Conference of 1937, protest against his admission was made by the other members of the Employers' group on the general ground that Soviet employers could not be represented as a group distinct from the Soviet Government. Before the Italian withdrawal similar difficulties arose in the Labour group over the representation of Italian labour. If Nazi Germany were to return to the Organisation one may be sure that objection would be taken on the Labour side and possibly also on the Employers' side to the admission of German Workers' and Employers' delegates. With the spread of German economic influence in Central and Eastern Europe the same issue may well arise in connection with the representation of employers and workers in countries still within the Organisation. Both state socialism and totalitarianism, in short, are not compatible with the fundamental principle of the Constitution of the International Labour Organisation. To change this fundamental principle might well result in the refusal of labour organisations in the democratic States to continue their participation. To maintain it makes unlikely the re-inclusion in the Organisation of Germany, Italy and probably Japan.

It is true that the original conception of the means of achieving the objects of the Organisation has changed somewhat during the twenty years of the Organisation's existence. The central idea at first was that the International Labour Conference would resemble an international legislature adopting statutes in the form of draft conventions or recommendations which would

be promptly ratified or accepted by all important countries. The other aspects of the Organisation's work were subordinated to this main end; the work of the Office, the Governing Body, and committees of experts was directed towards the eventual framing by the Conference of international regulations. A good deal has been accomplished on these lines though not as much as was originally expected. Sixty-three draft Conventions have been approved by the International Labour Conference, and a total of over eight hundred ratifications have been deposited by forty-seven States. This figure, however, only represents about one-fourth of the possible number of ratifications, and in some cases a large number of ratifications have been received from States of small industrial and commercial importance, such as Chile (33), Colombia (24), Cuba (26), Estonia (21), Ireland (27), Nicaragua (30), Uruguay (30) and Yugoslavia (21).

One must, I think, conclude that the accomplishments under this technique, while considerable, are smaller than were expected in 1919, and also that, with the inroads of totalitarianism and autarky on the capitalist system, it is unlikely that much progress can be made in the next few years. It will become more difficult to secure the ratification of conventions of importance, such as those dealing with maximum hours of work. The emphasis, indeed, is beginning to shift from the conception of the International Labour Organisation as an international legislature on social and industrial questions to the conception of it as an international centre of enquiry and research, achieving its results in individual countries more by the influence of its work on individual governments than by securing widespread acceptance of uniform minimum standards set out in conventions.

These functions of the International Labour Organisation, although less spectacular, are of real importance and are on the whole fairly efficiently discharged. The Office itself is partly a research organisation producing in its periodicals and monographs a great quantity of material much of which is available from no other source. The expert committees also provide, both in the reports of their meetings and in the opportunities for discussion between technical authorities, a means of disseminating experience and knowledge on an ever-widening range of problems. Doubtless some of the material so prepared can most usefully be employed, even in the difficult years ahead, in the preparation of draft conventions for consideration by the Conference. It seems advisable to consider, however, whether in present conditions greater use should not be made of the provisions of the Constitution (Art. 19) dealing with the adoption by the Conference of recommendations. An often-repeated objection to the ratification of draft conventions is the rigidity which inevitably results from the acceptance for a minimum term of years of an international obligation to apply specific standards in industrial and social matters. The force of this objection is likely to increase in these days of warring economic systems and feverish rearmament. The same objection cannot be made to the experimental application of a recommendation.

The tendency of the International Labour Office has been to advocate as often as possible the use of draft conventions, and to propose the use of



recommendations only when a convention could not be secured. A good many recommendations have been overbids on the terms of conventions—such as to grant insurance benefits to persons of sixty when sixty-five was the age specified in the convention. The Labour group has consistently supported this tendency, but it may be questioned whether it will in the future be in their interest to do so. It is better to have a recommendation experimentally applied in a number of States, than to have a convention which only two or three Governments will ratify.

Furthermore much of the work of the Office and the expert committees is productive without any decision on it being taken by the Conference. For instance, committees have recently met in Geneva on silicosis and on safety in coal mines. Their findings and discussions do not need to receive the *imprimatur* of the Conference before they are usefully employed. Eventually they may result in proposals for action by the Conference, but this may be the least important part of the results. Such activities achieve progress not only by leading towards uniform international standards or by inducing governmental action, but also by encouraging agreements between employers and workers and by bringing about changes in the technique of management.

I am inclined, therefore, to place less emphasis for the future on the aim of the Organisation to secure uniform standards through draft conventions, and more on the employment of recommendations and of the manifold other means available for discussing and disseminating practical proposals. The attempt to proceed by the methods of international legislation has not been very successful and is likely to become even more limited in its effects. The alternative methods mentioned above of improving the conditions of labour may now bring greater results.

## II. *The General Position of Canada*

Canadian participation in the International Labour Organisation has been hampered from the first by the division of jurisdiction, which has placed outside federal competence the subjects dealt with by a large majority of the draft conventions so far adopted. This has tended to make the Canadian attitude towards the International Labour Organisation one of friendly interest rather than active participation. In spite of the fact that Canada has been a member of the Governing Body nearly all the time, there has been little attempt to give any direction to, or take any initiative in, the work of the Organisation; we have been content to let others take the lead and to approve or criticise their proposals. Our influence has been less than that of every other permanent member of the Governing Body, and of many States not classed as of chief industrial importance. The main explanation doubtless lies in the limitations of federal power, creating a natural reluctance to sponsor or to urge international action to which Canada itself could not give full effect.

If, however, I am right in believing that progress in the future will be made mainly by more flexible methods, including an increased use of recommenda-

tions by the Conference in place of conventions, and other means of raising labour standards, the limitations of our federal system become of smaller importance. I assume that we are anxious to ensure the continued existence of the Organisation, especially since the addition of the United States to the list of members. The United States, as another federal State, is affected by many of the same jurisdictional problems as Canada in connection with the ratification of conventions, and yet they wish to play, and are playing, a very active part in pushing on the work of the Organisation. I believe that it should be possible for the representatives of Canada to take a more positive stand at meetings of the Governing Body and at the annual Conferences, and to adopt a less platonic attitude towards an institution the continued existence of which should contribute towards the maintenance of a free capitalist society.

### III. *Federal Difficulties—The Ratified but Unapplied Conventions*

The Canadian ratifications of International Labour Conventions Nos. 1, 14 and 26, dealing respectively with Hours of Work in Industry, Weekly Rest and Minimum Wage-Fixing Machinery, were deposited with the Secretary General on March 21st and April 25th, 1935. The legislation of the Canadian Parliament giving effect to these Conventions was declared invalid by the Judicial Committee of the Privy Council on 28th January, 1937. There is no doubt that Canada has since then failed to carry out the obligations which were assumed under the Conventions. There has, of course, been no attempt to conceal this fact; the situation has been made clear in the annual report submitted to the International Labour Organisation on each of the Conventions. There is now a complete impasse, the only issue from which, failing an arrangement with the Provinces whereby they will all agree to implement the Conventions, lies in either denunciation of the Conventions or amendment of the Canadian Constitution so as to permit their enforcement by the Dominion Government.

It is certain that this situation cannot be allowed to continue indefinitely. Whether steps should be taken at once to clear it up by giving notice of denunciation depends on the prospect of constitutional reform in Canada. If the Government commits itself to a policy of constitutional reform which on its successful completion would permit the Conventions to be fully applied, the question might be left over for perhaps another year, with the inclusion in the annual report on the Conventions of a fuller statement of the steps in contemplation than that previously given. The annual report on these Conventions is now due.

Unless, however, some such indication can be given that there are prospects of the enforcement of the Conventions in the not distant future, I believe that before the next annual report is presented notice of denunciation should be given to the Secretary General of the League of Nations. It would be desirable, however, that this notice should not be a bald declaration; I think that it should include a statement setting forth the reasons which have made denunciation necessary, and if feasible adding that in view of the impossibility

of fully applying the Conventions in Canada under existing constitutional arrangements, the Canadian Government proposes to treat them as recommendations which it will apply in so far as this lies within their power.

Canada has not hitherto made use of that provision of the Constitution of the Organisation which permits federal States to treat as recommendations draft conventions on subjects wholly or partially outside their jurisdiction. One objection to using this power has been that it prejudices matters of constitutional law relating to the division of powers with the Provinces, matters which can only be settled by the Courts. In the case of these three Conventions this objection has lost its validity, since the Courts have already spoken.

The first two Conventions (1 and 16) can be denounced at any time by giving one year's notice. The third Convention (No. 26) cannot be denounced until it has been in effect for ten years, or until June 14, 1940. The one year's notice of denunciation will begin to run from that date; if it is not then given, the Convention will remain binding for a further period of five years. If it is decided, however, that the Conventions must be denounced, I think that they should all be treated on the same basis and covered in the same communication, even though one of them remains legally binding on Canada for a longer period than the other two.

I have recently discussed the position with respect to these Conventions with Mr. E. J. Phelan, Deputy Director of the International Labour Office, and I think it safe to say that he is in general agreement, from the point of view of the Office, with the opinions which I here express.

#### IV. *Federal Difficulties—The Possibility of Limited Ratification of Conventions*

The importance of adjusting the practices of the Organisation in light of the difficulties of federal States in ratifying conventions has been increased by the adhesion of the United States and by their assumption of a leading position in the work of the Organisation. The new Constitution of India has also limited the powers of the Indian Government and has created similar jurisdictional problems there. These problems are not present to the same degree in the non-English speaking federal States belonging to the Organisation, chiefly because in federal States such as Argentina, Mexico, Brazil and Switzerland either the division of powers leaves greater authority with the central government or the process of constitutional amendment is comparatively simple. Before the adhesion of the United States to the Organisation and the recent changes in India, the federal problem presented itself to the Organisation mainly in the light of the difficulties which it created in Canada and Australia.

The Government of the United States is anxious to devise some procedure whereby they can ratify conventions on subjects lying only partially within federal jurisdiction. As the question was dealt with fully in a recent report from the Canadian Legation in Washington (see the Legation's despatch

No. 1307 of 8th October<sup>1</sup> to the Secretary of State for External Affairs) I need only add some supplementary information and comment. I have discussed the matter with representatives of the United States in Geneva and with officials of the International Labour Office. Several formulas have been suggested for inclusion in future draft conventions but none of them has as yet been found satisfactory. It is clearly undesirable that a formula should be employed so loose as to permit federal States, after ratifying conventions, to apply them only to a small proportion of the persons in their territories included in the scope of the convention. On the other hand, a rigid formula would defeat its own purpose. The proposal referred to in the Canadian Legation's report, that a special committee of the Governing Body should be set up to examine the question, may provide the best means of procedure at present, though such committees have the habit of slow motion. I shall be glad to learn whether you are in favour of such an initiative.

The United States Labor Commissioner in Geneva has told me that his Government will probably refer to this question in their replies to the questionnaires drafted at the last International Labour Conference, particularly those on the Generalisation of the Reduction of Hours of Work and on Hours of Work in Road Transport. He said that they would probably suggest that the other members of the Organisation should be consulted on the desirability of including in draft conventions on these subjects some form of clause recognizing the special position of federal Governments in their application.

As matters stand, the constitutional position in the United States is now more satisfactory than that in Canada. If the Fair Labour Standards Act adopted at the last session of Congress is upheld by the Courts (as seems probable), I understand that the Federal Government has power to regulate hours of work in accordance with the Act in all plants which either derive part of their raw materials or sell part of their products outside the State in which they are situated. I am told, for example, that more than 95% of the textile industry would be covered by this Act. Yet it is impossible for the United States Government to undertake complete application of the convention relating to hours of work in the textile industry, and in consequence they feel unable to ratify such a convention. In the case of Canada, of course, the application of a convention such as this has been placed by the Judicial Committee definitely within the field of provincial legislation, and it could only be applied by concurrent action of the Dominion and the Provinces. On the other hand, the position of the United States would be more difficult than ours if a procedure were contemplated permitting a federal Government to ratify conventions with respect to such of its component parts as were prepared to apply the convention. In Canada the acceptance by Ontario and Quebec would mean the application of an industrial convention to a large proportion of Canadian industry. In the United States the wide dispersion of industry through a large number of States makes such a procedure too difficult to be contemplated.

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<sup>1</sup> Non reproduite/not printed.

I think it might be advisable to undertake an informal discussion of these problems, and indeed of the whole relationship of federal States to the International Labour Organisation, with the United States Government in Washington with a view to arriving at a common understanding of the best course of procedure.

#### *V. Federal Difficulties—The Question of "Competent Authority"*

Such a discussion might also extend to the question of the means of executing in Canada and the United States the obligations assumed under paragraph 5 of Article 19 of the Constitution. This paragraph requires members within twelve months, or at most eighteen months, after the close of each Conference to bring the recommendations or draft conventions adopted by the Conference "before the authority or authorities within whose competence the matter lies, for the enactment of legislation or other action."

This matter has been the subject of recent correspondence arising out of an Office memorandum presented to the Committee on Periodical Reports of the Governing Body at its last meeting in October. I need not therefore go into it fully, especially as it has already been referred to the Canadian Department of Justice for an opinion. The view is taken by the Office that members are obligated to bring conventions or recommendations before the legislative body or bodies which possess authority to legislate on the subjects in question, and there to provide opportunities for discussion. Under this interpretation, the federal authorities in Canada and the United States are required, for the full discharge of their obligations, to see that conventions or recommendations within provincial or State jurisdiction are not merely transmitted to provincial or State Governments, but are also placed before provincial or State legislatures in such a way that debate can take place on them. This seems to me to require in both countries the execution by the federal authorities of a task beyond their legal powers. As the number of draft conventions increases, more attention is being paid to their fate after their adoption by the Conference. I think it desirable that we should try to march in step with the United States in dealing with questions arising under this particular Article of the Constitution.

#### *VI. Federal Difficulties—The Votes of Canadian Government Delegates at Conferences*

Another question arising out of our federal system which causes difficulties from time to time at International Labour Conferences is the attitude to be taken by the Canadian Government delegates in voting on draft conventions and recommendations the subject of which lies wholly or partly within provincial jurisdiction. While the practice has not been entirely uniform the general principles which have hitherto been followed can be stated briefly.

At the first discussion, when the double discussion procedure is followed as it normally is, the Canadian Government delegates have voted affirmatively on the submission to governments of the questionnaires drafted by Committees of the Conference and have in the Committees usually supported the

submission to governments of the questionnaires drafted by Committees of the Conference and have in the Committees usually supported the submission of the questionnaires in broad terms so as to elicit as much information as possible in the replies. This practice has occasionally been questioned (especially by representatives of the Employers) on the ground that it is improper for the Government delegates to support the first steps in a procedure the normal outcome of which would be the drafting of a convention which the Government could not ratify. This argument could be answered by pointing out that the vote at this time does not in itself bind governments to accept any form of international regulation, but merely provides for consultation on a list of points.

The situation is more difficult at the final stage of procedure when the Conference is voting on the adoption of draft conventions. Here the Canadian practice has been to abstain from voting, usually after an explanation has been given of the reasons, unless the draft convention falls into either of two classes: first, if its subject matter is within federal competence the vote—which in practice has always been either affirmative or an abstention—can be given on the merits of the proposal as in a unitary State; secondly, when the matter is partly or wholly within provincial competence, an affirmative vote has been given on numerous occasions when provincial governments have indicated sufficient support for the substance of the proposal to hold out reasonable prospects of its substantial adoption in Canada even though formal ratification by Canada is out of the question. If the replies from Provinces have been critical or insufficient, the Government delegates have abstained from voting. In no instance in recent years have they voted against a draft convention or recommendation.

The Government delegates of the United States have been readier than their colleagues from Canada to vote affirmatively on proposals wholly or partially within the competence of State Governments. The United States, in contrast with the practice adopted in Canada, has also consulted State Governments on questions within State jurisdiction which come before the Conference. It seems to me that this question might also be the subject of informal discussion in Washington. The issue in both countries is the same—whether it is appropriate and desirable for federal Governments to support the adoption of conventions which they themselves are unable to ratify. Both countries are anxious that the general standards of social and industrial legislation should be raised throughout the world, but in certain extensive legislative fields they cannot themselves employ the means contemplated in the Constitution of the International Labour Organisation. Should they therefore support and encourage attempts to bring about higher standards in other countries through the Organisation?

This question did not arise in an acute form at the 1928 Conference at which the only draft convention adopted dealt with a question of statistics lying within federal competence. It will arise again in 1939 since the heavy agenda for that Conference includes a number of important proposals for final discussion which are beyond the powers of the federal Government.

### VII. *Composition of Canadian Delegation at International Labour Conferences*

I am satisfied that the methods followed in recent years in selecting the Canadian delegation for the International Labour Conference should be reconsidered, in particular the practice of appointing as advisers to the Government delegates officials of national labour organisations in Canada. This dubious practice was started as long ago as 1924 by the appointment as a Government adviser of an official of the Confederation of Catholic Workers. It has been followed consistently since then, and at the 1938 Conference all the Government advisers (five in number) except Mr. Renaud of the staff of this office were Canadian trade unionists.

Since the chief work of the Labour Conference is done in Committees, in order to give these advisers anything to do it is necessary to appoint them to serve on Committees. As a rule, they come to Geneva without instructions and without knowledge of the attitude of the Canadian Government towards the questions before the Committees on which they serve. They are representatives of the Canadian Government in name only. It is quite impossible for the Government delegates to control their participation in Committee discussions and to see that they abide by the general instructions of the delegation. In some cases they do useful work, both as men familiar with the problems before the Committees and through consultation with the Government delegates. In other cases they either play no active part or follow their natural instinct to join with the representatives of labour on the Committees. Their utility depends almost entirely on their personal qualities. The position cannot be rectified by any expedients adopted after the delegation arrives in Geneva; the difficulty is inherent in the anomaly of trade unionists without any governmental connections serving as representatives of the Government.

I am familiar with the reasons which have given rise to this practice and I recognise the difficulties in ending it after it has endured for fourteen years. I believe nevertheless that it should be ended when the delegation for the 1939 Conference is appointed. In no other country with a diversity of labour organisations has this solution been adopted except possibly in the case of France. The French Government have sometimes appointed as one of their large group of Government advisers an official of the Confederation of Christian Workers, but he is also a member of the Superior Labor Council of the Ministry of Labour. The purpose of including Government advisers in delegations is to make possible the participation of persons with administrative knowledge of the questions on the agenda of the Conference. In other delegations the Government advisers are officials from various departments, and occasionally members of Parliament or independent experts chosen from universities and research institutions. At the last Conference, for example, the United Kingdom delegation included as Government advisers ten officials from six departments. On the delegation of the United States there were as Government advisers six officials from three departments, and on that of France there were sixteen officials from six departments. In no case except that of Canada and the solitary and dubious instance from France did any representatives of labour organisations appear on the list of Government advisers.

From the point of view both of the provisions of the Constitution of the International Labour Organisation and of the effective working of delegations at the Conference, the proper place for labour representatives is in the Workers' group. Nearly every country in the Organisation has more than one labour association, although in some countries one association is so preponderant in strength that it has an incontestable claim to represent organised labour. A full account of the constitutional provisions governing the appointment of non-Government delegates and their advisers and of the practices adopted by various Governments was given in a memorandum<sup>1</sup> forwarded by my predecessor to the Minister of Labour on March 19th, 1936. It may be said in general that in countries faced by the same problem as Canada the usual practice is to select the Workers' delegate from the strongest labour organisation. If there are several powerful organisations, they might all be consulted before the Workers' delegation was appointed. Occasionally some form of election between the candidates suggested by these organisations is adopted. In the Netherlands the delegate is chosen by agreement in rotation among various organisations, the others being represented by advisers. More commonly the delegate comes from the largest organisation, but among his advisers are included representatives of other important organisations. For instance, at the 1938 Conference, the Workers' delegate of the United States was from the American Federation of Labour, but two of his advisers were from unions belonging to the Committee for Industrial Organisation.

In the light both of the practice followed by other countries and of the provisions of the Constitution as interpreted by the Permanent Court of International Justice in 1922, I consider that the best practice in composing the Workers' side of the Canadian delegation would be to select the delegate from the Trades and Labour Congress and to provide for some representation of the national labour organisations among his advisers. This practice would be more fully in accordance with the intentions of the Constitution and would provide a more representative and efficient delegation. The Permanent Court has held that, when there are several industrial organisations representing the working classes, "the Government must take all of them into consideration when it is proceeding to the nomination of the Workers' delegate and of his technical advisers."

The adoption of this proposal need not necessarily increase the size or expense of the Canadian delegation. Only at the last two Conferences have more than two of the national labour organisations been represented on the Canadian delegation. It should meet all legitimate claims if the Workers' delegate were selected in consultation with the Trades and Labour Congress and if he were given not more than two advisers selected after consultation with the national labour organisations. Perhaps another adviser might sometimes have to be added from the Trades and Labour Congress. Although this would increase the number of Workers' advisers, the number of Govern-

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<sup>1</sup> Non reproduit/not printed.



ment advisers would be reduced. If the question of expense were to become important, a saving could be affected by a reduction in the *per diem* allowance granted to all advisers, as this in most cases is considerably larger than the actual expenses which they have to incur in Geneva.

One great advantage of this change is that all representatives of Canadian Labour would be in the group to which they belong. Another is that in the Government delegation there could be substituted as advisers persons who can really represent the governmental point of view. The principal disadvantage is that it complicates the appointment of the Workers' delegation by the Minister of Labour—a difficulty the importance of which can be better assessed in Ottawa than in Geneva.

I would suggest no change in the method of appointment of the Employers' side of the delegation, unless at any given Conference the main questions concerned employers other than manufacturers. The Canadian Manufacturers' Association's claim to represent the manufacturers of Canada cannot be contested. It might be desirable for them to suggest sending a representative from some Province other than Ontario, but that is a matter for them to decide. In view of the lack of competing employers' associations, the Canadian employers can have no valid objection to an increase in the size of the Workers' delegation without a corresponding increase in their own.

If the Government delegation were freed from the incubus of providing indirect representation for certain elements in Canadian labour, its effectiveness could be much improved. I think that the present practice should be continued of appointing as one delegate the Canadian member of the Governing Body and as the other either the Minister of Labour or a senior official of that Department. One of the advisers might also be appointed from the staff of the Permanent Delegation in Geneva. As for the rest, the practice should depend on the agenda each year. When matters of direct concern to other federal Departments are under consideration the inclusion of advisers from them would be a welcome innovation. The next Conference, for example, will have before it questions of direct interest to the Department of Transport and to the Immigration Branch of the Department of National [sic-Mines and] Resources.

If Provincial Governments wish to be represented they should, of course, also be represented by advisers to the Government delegates, as used to be the practice. I gather that for some years the Provinces have been asked whether they would care to send advisers at their own expense. It is not likely, of course, that effective provincial representation could be secured unless the Dominion Government paid the expenses of the representatives.

The table below shows in comparison the composition of the Canadian delegation at the 1938 Conference and the composition as it would be if the minimum changes here suggested were adopted. In 1938, out of the eleven members of the delegation, nine were sent from Canada at public expense. My proposal would involve the despatch from Canada of no larger a number and its possible reduction to as few as seven.

COMPOSITION OF CANADIAN DELEGATION AT CONFERENCE  
1938

	Delegates	Advisers	Total
Government	2	5	7
Employers	1	1	2
Workers	1	1	2
	—	—	—
Total	4	7	11
	Proposed		
Government	2	2-4	4-6
Employers	1	1	2
Workers	1	2-3	3-4
	—	—	—
Total	4	5-8	9-12

489.

*Le délégué permanent [SDN] au ministre du Travail*  
*Permanent Delegate [L. of N.] to Minister of Labour*

[Geneva] December 20, 1938

Dear Mr. Rogers,

I have recently brought to your notice that considerable attention is being paid to the procedure which ought to be followed by States Members of the International Labour Organisation in submitting draft conventions and recommendations to the "competent authority or authorities" under Article 19, paragraph 5, of the Constitution. This was one of the questions dealt with in the memorandum enclosed with my confidential letter of 30th November. I understand that the Department of Justice is examining the proper interpretation of our obligations in this respect, in the light of a legal memorandum recently prepared by the International Labour Office.

Mr. Jenks, the legal expert of the Office, has called on me to discuss the question. They are very anxious to secure acceptance of the interpretations first that the "competent authority" must be a legislative body, and secondly that this body must be afforded an opportunity to discuss the conventions or recommendations laid before it whether or not it is intended to give them effect. Certain Governments have shown a tendency to treat the whole question as one of executive discretion, and the Office holds, with a good deal of justice, that this attitude does not fulfil the requirements of the article. They wish to secure agreement on their interpretation, while admitting that it would not be legally binding. Their interpretation, though not in any way aimed at federal States, creates difficulties for certain federal States.

I was approached because at a recent committee meeting I had taken the position that it was impossible for the Canadian Government to ensure that conventions, etc. within provincial jurisdiction were placed before provincial legislatures with an opportunity to discuss them. I had said that I felt that

the Canadian Government had discharged its obligations in such instances if the conventions were submitted to the provincial governments, with a statement that their subject matter lay wholly or partly within provincial jurisdiction and that it rested with the provincial Governments to take any action on them which they thought fit.

The Office admits that this is a real difficulty, which affects (though not in identical ways) the United States and Australia as well as Canada, and at times some other federal States in the Organisation. Mr. Jenks asked me on behalf of the Office if I would submit to you the suggestion that our present procedure in forwarding such conventions to the provincial Governments might be amplified in order to make it clear that in the view of the Dominion Government the conventions should be laid before the provincial legislatures in a manner permitting debate on them. The Office feels that if this course were adopted the Canadian situation could be met without departing from a general understanding that the competent authority must be a legislative body.

I told Mr. Jenks that I would pass on this suggestion to you so that it might be examined in the course of the study now being given to the problem. I said that we certainly did not wish our special constitutional difficulties to be used by other countries as an excuse for evading or minimizing their obligations under the Constitution, but that we clearly could not concur in an interpretation which placed the Dominion Government under an obligation to do something outside its powers. I added that I thought it possible that his suggestion might be an acceptable compromise, though I thought that certain Provinces might object to the implication that they had been bound without their express consent to perform certain duties under the Constitution of the International Organisation.

I have already suggested that this is a matter towards which we should adopt the same general attitude as the Government of the United States. The question is before the Periodical Reports Committee of the Governing Body which will hold a meeting in April, and our study of the situation should be completed if possible before that meeting.

Mr. Goodrich, the United States Labour Commissioner in Geneva, has come to see me since Mr. Jenks' visit to discuss this problem and other problems of federal States in the International Labour Office. When I told him about Mr. Jenks' proposal he said that he thought that it would not meet the situation in the United States. He believed that his Government would not be willing to undertake to submit to State Governments conventions, etc., which were wholly or partly outside federal jurisdiction; and if they were to do so the Federal Government would certainly not be able to ensure that the conventions would be laid before the State Legislatures. He felt that the United States might have to maintain that their obligations under this Article of the Constitution were discharged by the submission to the United States Senate (and perhaps on occasion to the House of Representatives as well) of all conventions and recommendations. When I told him that I had suggested to you that this question among others should be dis-

cussed informally between our two Governments, he fully approved the idea and said that he would write supporting such a consultation to the Secretary of Labour in Washington.

Mr. Goodrich also wished to discuss with me another question mentioned in the memorandum enclosed with my letter of 30th November. This is the possibility of reaching some agreement to permit a limited or conditional ratification by federal States of conventions on subjects not wholly within their jurisdiction. The United States are probably going to suggest that such a clause should be included in the convention to come before the next Labour Conference dealing with the limitation of hours of work in road transport. A high percentage of road transport in the United States is inter-state, and can therefore be regulated by the Federal Government under the inter-state commerce clause. They are, however, in no position to undertake a general obligation, as they cannot control concerns operating within a single State. I told Mr. Goodrich that I thought that we should be inclined to support the inclusion of such a clause, even though its addition would not make it possible for us to ratify a convention on the subject. They are anxious to find a general formula which could be used in this and in other conventions, sufficiently flexible to cover the constitutional situation in Canada and Australia as well as in the United States.

These discussions with Mr. Jenks and Mr. Goodrich, as well as conversations which I have recently had with Mr. Winant and Mr. Phelan, convince me that an attempt to concert our general procedure at an informal conference with the United States authorities would be worth while.

Yours sincerely,

HUME WRONG

490.

*Le délégué permanent [SDN] au ministre du Travail*  
*Permanent Delegate [L. of N.] to Minister of Labour*

[Geneva] March 2, 1939

CONFIDENTIAL

Dear Mr. Rogers,

This letter is in continuation of my letters of 30th November 1938 (enclosing a memorandum), 20th December 1938, and 3rd February 1939<sup>1</sup> dealing with questions of our relationship with the International Labour Organisation.

On pages 10 to 13<sup>2</sup> of my memorandum of 30th November I described the desire of the United States Government to find some means of ratifying International Labour Conventions which deal with subjects not wholly within their federal jurisdiction, and in my letter of 20th December I alluded to a conversation with Mr. Goodrich on this subject. Mr. Goodrich has now

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> Voir/see pp. 641-643.

informed me that the reply of the United States Government to the questionnaire dealing with the limitation of hours of work of drivers of vehicles engaged in road transport (a subject which comes before the Labour Conference in June for final discussion) has included the following answer:

6. Do you consider that there are any other classes of undertakings or classes of transport in respect of which the international regulations should allow exclusion by national laws and regulations?

Answer: In the case of Federal governments which do not regulate the labor standards of local road transport undertakings, the international regulations may properly permit the exclusion from national laws and regulations of those classes of undertakings whose activities the competent authority find to be local in scope, and whose labor standards if regulated, are regulated only by local authorities rather than by the competent national authority. In all such cases the national authority should be required to call the terms of this Convention to the attention of the competent local authorities.

It is likely that this will bring about a discussion of the whole subject at the Conference, and our delegation should be in a position to express an opinion.

Since preparing the memorandum of 30th November I have looked into another question concerning our procedure in relation to the International Labour Organisation which appears to me to deserve re-examination. This is the method which we follow in sending replies to the questionnaires which are addressed to the Governments of all Member States on the items on the agenda of the International Labour Conference. The questionnaires are an important part of the procedure leading to the adoption of draft Conventions and Recommendations, and certain changes in this procedure which were adopted at the last Conference tend to emphasize their importance. They are drafted so as to secure from each Government both a general expression of their views on the international regulation of the subject, and a detailed indication of the scope and nature of the regulations which might be adopted.

Our practice appears to be to pass the questionnaires on to Provincial Governments (unless the subject is wholly within federal powers) and to forward to the International Labour Office without alteration any replies which may be received. The Government of the United States follow a different practice, since they assume the responsibility of sending a single reply even when the subject is within the jurisdiction of the States. It would, of course, be quite impossible for them to consult effectively the Governments of forty-eight States. But it seems to be impossible for us to consult effectively the Governments of nine Provinces.

I have been examining the results of our submission to the Provinces of the questionnaires on the subjects to come before the Labour Conference next June. The replies to the questionnaires were supposed to have reached the International Labour Office by 15th November 1938, though many Governments are laggard in observing this time-limit. The first Canadian ones to arrive were those from Manitoba which reached my office on 5th December. Since then only four other Provinces have sent any replies at all, those missing being from Quebec, Nova Scotia, New Brunswick and Prince Edward Island.

All the replies are published for the use of the Conference in the form in which they are received. Some of the Provinces have submitted curious answers. In the case of the Province of Alberta notes were submitted on Questionnaires No. 5 and No. 6 which are certainly unenlightening and contain mistakes in grammar and spelling. The Alberta reply to Questionnaire No. 6 reads as follows:

*Reduction of Hours of Work in Coal Mines*

The regulations of Hours of Work and conditions in Coal Mines, above and below the surface, on account of their variance in the different Countries, could not in our opinion be controlled by any set of International Rules or Regulations; this is a question that should be decided by each Country who are better acquainted with the characteristic surroundings of their own Country.

Two Provinces, Manitoba and Alberta, submitted full replies to a questionnaire dealing with contracts of employment of indigenous workers—a subject of interest only to the tropical or sub-tropical countries which use native labour under contract. The Province of British Columbia replied only to one questionnaire (on technical education) and sent as its answer to the others a collection of Provincial Statutes and Orders; this, of course, does not fulfil the purpose of the questionnaires. No Province has sent a full reply to the questionnaire relating to the hours of work in coal mines.

I attach a statement showing the replies which have been received. Four of the subjects (those dealt with in Questionnaires 1, 4, 5, and 6) seem to be wholly within provincial jurisdiction as the Privy Council has defined it. "Contracts of Employment of Indigenous Workers" would be also within provincial jurisdiction if native contract labour were employed in Canada; but as this form of labour does not exist in Canada, it seems to me that it was not necessary to submit the questionnaires to the Provinces at all. The questionnaire on Migrant Workers relates to matters which are mainly within federal jurisdiction, though some of the questions are on subjects within the provincial field.

It is easy to show that our present method of dealing with these questionnaires is unsatisfactory. Not much of the information furnished by the Provinces can be regarded as useful towards the preparation of draft international regulations. It is difficult, however, to suggest a preferable alternative. It is closely related to the problem of how Government delegates ought to vote at the Labour Conference on draft Conventions dealing with subjects not in Dominion jurisdiction. Perhaps this is another matter which might be a subject of informal discussion with the United States authorities. If it is not found possible to change the present method, I think an effort might be made to secure more uniformity in the form of the provincial answers (those from Ontario are the best) and perhaps to edit them mildly before submitting them to the Labour Office for publication.

Yours sincerely,

[H. H. WRONG]

## [ANNEXE/ANNEX]

*Replies received from Provincial Governments to  
Questionnaires on subjects on Agenda of International Labour Conference  
of 1939*

<i>Questionnaire</i>	<i>Province</i>	<i>Nature of Reply</i>
1. Technical and Vocational Education	Manitoba	Favourable
	Ontario	Favourable
	Saskatchewan	Favourable
	British Columbia	More a comment on the practice in B.C. than an answer.
2. Contracts of Employment of Indigenous Workers	Alberta	Favourable
	Manitoba	Favourable
	Ontario*	No answer, but a favourable comment
3. Recruiting, Placing and Conditions of Labour of Migrant Workers**	Alberta	Favourable
	Manitoba	Favourable
	Saskatchewan	Favourable
	Ontario*	No answer since matter considered within Dominion jurisdiction, but would welcome Convention.
4. Hours of Work of Drivers in Road Transport	Alberta	Favourable
	Manitoba	Favourable
	Ontario*	No answer pending report of Royal Commission
	British Columbia	No answer, but forwards provincial regulations
5. Generalization of Reduction of Hours of Work in Industry, Commerce and Offices	Manitoba	Favourable
	Ontario	Favourable
	Alberta*	No answer, but a hostile comment
	British Columbia	No answer; merely sends provincial Act.
6. Reduction of Hours of Work in Coal Mines	Alberta*	No answer, but a hostile comment.
	British Columbia	Merely sends provincial Act.
	Ontario*	No answer, but a favourable comment.

\* In these cases the provincial replies have only expressed a view (often in a single sentence) on the subject of the Questionnaire as a whole, without answering the separate questions.

\*\* The Dominion Government has submitted a comment on this Questionnaire opposing a Convention at present.

491.

*Le ministre du Travail au sous-secrétaire d'État  
aux Affaires extérieures*

*Minister of Labour to Under-Secretary of State  
for External Affairs*

Ottawa, March 29, 1939

Dear Doctor Skelton,

Mr. Hume Wrong, the Permanent Delegate of Canada in Geneva, has informed me of discussions which he has had there with Mr. Carter Gooderich [*sic*], the United States Representative, respecting the difficulties experienced by federal countries in meeting the requirements of International Labour Conventions arising out of the form in which these Conventions are ordinarily drawn, and of suggestions which have been made by the United States towards meeting these difficulties. Both Mr. Wrong and Mr. Gooderich appear to be of the opinion that it would be helpful if an informal discussion could be held with the U.S. authorities in Washington as to desirable changes in the drafting of International Labour Conventions, with the object of meeting conditions in federal countries. Reference is also made by Mr. Wrong to the different practices which are followed in the United States and Canada in answering I.L.O. questionnaires involving subject-matters which are within state and provincial jurisdiction respectively.

I should be pleased if you would have a telegram sent to the Canadian Minister in Washington, asking that he would ascertain if Miss Perkins, the U.S. Secretary of Labor, would desire that an informal discussion of these matters should be held in Washington, stating that we would be pleased to have one of our departmental officers visit Washington for this purpose. I may add that the most convenient time to us for such a meeting would be during Easter week, and that we should be pleased if arrangements could be made for Doctor Riddell's participation also in the discussions, on account of his familiarity with I.L.O. matters.

Yours sincerely,

NORMAN MCL. ROGERS

492.

*Rapport sur une conférence entre les représentants du Canada  
et des États-Unis concernant les Conventions internationales du Travail*

*Report of Conference between Canadian and United States  
Representatives regarding International Labour Conventions*

Washington, April 25, 1939

In confirmation of the wishes of the Minister of Labour of Canada and under instructions from the Department of External Affairs, your undersigned representatives met with representatives of the United States including Dr.



Isador Lubin, United States Commissioner of Labor Statistics and Officer in Charge of relations with the International Labour Organization, and the following other officials—Mr. Hinrichs and Mr. Stevens of the Department of Labor and Mr. Achilles and Mr. Thompson of the Department of State.

#### PART I

The most important problem involved in this discussion was that of the proposed inclusion in conventions of a special article which would permit federal States to ratify conventions to the limit of their constitutional power. On this point we found that the United States Government had already drafted a clause for inclusion in future conventions to meet this point. Dr. Lubin promised to furnish us with a copy of this draft clause which will be attached either at once or later to the present memorandum. On the other hand the Canadian representatives presented for discussion a draft clause in the following terms:

In the case of a federal state the power of which to enter into conventions on labour matters is subject to limitations, it shall be in the discretion of that Government to ratify this draft convention to the limit of its constitutional authority.

It was felt by all of those present at the meeting that the purpose of both of these foregoing drafts was substantially identical. Mr. Achilles of the United States Department of State favoured the Canadian draft as being at once simpler and more comprehensive than the United States draft text. The Canadian representatives made it quite clear that the authorities in Ottawa would probably look with favour on some action at Geneva along these general lines which would permit of Canada ratifying conventions in at least a limited way. Mr. Brown drew particular attention to the following paragraph appearing in Article 405 of the Treaty of Versailles:

In the case of a federal state, the power of which to enter into conventions on labour matters is subject to limitations, it shall be in the discretion of that Government to treat a draft convention to which such limitations apply as a recommendation only, and the provisions of this Article with respect to recommendations shall apply in such case.

and pointed out that if consent were given at Geneva to the inclusion of a section in the future conventions permitting federal States to ratify to the extent of their constitutional authority the Federal States would really be doing more than is contemplated under Article 405 of the Constitution. There was general agreement in this view among all present. On the other hand the United States representatives indicated that they had had some hesitancy in pressing for the adoption of their own draft clause on account of the opposition of the Director of the International Labour Office, John G. Winant, who considered any action along these lines might encourage other than federal States to seek the inclusion in labour conventions of provisions to permit of their partial ratification. Notwithstanding however respect for Mr. Winant's view the United States representatives in attendance at this meeting were definitely of the opinion that the experience of the past 20 years in

ratification of International Labour conventions by federal States demonstrated the need for some modifications in the terms of these conventions along the lines indicated above. It was agreed that further attention would be given to this subject both at Washington and in Ottawa in advance of the forthcoming session of the International Labour Conference and that possibly a move might be made by the United States authorities looking to the acceptance of a proposition on the foregoing lines either for general insertion in all conventions of the Labour Conference or in one or the other of the specific conventions which will be under consideration in Geneva this coming summer.

Enquiry was made of the United States representatives if any consideration had been given to a procedure under which federal countries might be permitted to ratify conventions for portions of the country rather than for the country as a whole, in cases where individual States were prepared to apply by legislation the provisions of the convention within their respective areas. The reply of the United States representatives was that no concrete suggestion had been put forward to date along these lines. If, however, a clause were included in future conventions along the lines suggested by your representatives in this memorandum, conceivably it would be regarded as within the discretion of the Government to ratify a convention for certain parts of the country.

Mr. Brown enquired also if United States was proposing to ask Geneva for power to ratify conventions on the basis of industrial agreements without resort to legislative action. Dr. Lubin's answer to this point was action on these lines had been discussed but that the suggestion was not at present favoured by the United States Department of Labor.

## PART II

### *Question of Submission to the Competent Authorities*

Consideration was next directed to the question of submission of labour conventions to the "competent authority." In this connection it was mentioned that the practice had been followed since the inception of the International Labour Office of bringing all of the International Labour Office conventions before parliament and also of communicating the authentic texts to the Lieutenant-Governor of the respective provinces for such action as they might be moved to take on the advice of the provincial administration. Reference was made to an opinion which had been furnished recently by the Department of Justice of Canada to the effect that the procedure followed by the Dominion Government in laying the draft conventions and recommendations on the table of the House did not constitute complete fulfilment of its obligation to bring these subject matters before the competent authority "for the enactment of legislation or other action." It was mentioned that resort might be had instead to the course which is followed in England of laying a paper on the table of the House of Commons containing the texts of the different

conventions and recommendations but indicating also the course which His Majesty's Government proposed to take in respect thereof either affirmatively as to their ratification or otherwise.

The United States representatives made it clear to us that all of the International Labour conventions which have been brought before the United States Congress are submitted to the Senate by message from the President in conformity with the requirements of Article 405 and that no question has arisen as to the United States Government not having met its full obligations under the Treaty in this respect. The United States Government does not follow the practice of submitting International Labour conventions to the respective States even where the subject matters are within State authority.

### PART III

The United States representatives confirmed the statement made in Mr. John E. Read's memorandum, hereto attached,<sup>1</sup> as to the course which United States delegates to Geneva have followed in voting on subject matters which are in whole or in part within State jurisdiction although Dr. Lubin made it clear to us that the practice in this respect was one which might or might not be followed under another administration.

### PART IV

Attention was next directed to the procedure which is followed in the United States and Canada respectively regarding replies to International Labour Office questionnaires. It was explained that the practice had been consistently followed in Canada during the past 20 years of referring questionnaires dealing with subject matters coming within provincial jurisdiction to the respective provincial authorities and of transmitting the replies of the latter to Geneva direct for inclusion in the reports, which are issued in advance of the annual conference, whereas in the United States the practice has not been followed of submitting International Labour Office questionnaires to the respective States, even when the subject matters were within State control, but of answering all questionnaires on the responsibility alone of the Federal Government. It was explained by Dr. Lubin that no other procedure could have been followed in the United States as the consultation of forty-eight separate states and the communication of individual answers from the latter to Geneva would have been impracticable. Dr. Lubin went on to say that it was the policy of the present Administration in Washington to give a lead to the different States in respect of labour matters and that the federal Department of Labour had held annual conferences during several years past with representatives of all of the State Departments of Labour. Through the inter-changes of views occurring in these annual conferences with the State authorities and through the specialized knowledge obtained from the federal bureaus the federal Administration had found itself in a

<sup>1</sup> Non reproduit/not printed.

position to assume responsibility for the preparation of answers to the different questionnaires which had been issued by the International Labour Office since the United States became a member of the International Labour Organization.

Mr. Brown mentioned that difficulty was being experienced by the Department of Labour in Canada in obtaining answers to International Labour Office questionnaires from the different provinces and observed that some change would have to be made in the existing arrangements if serviceable replies are to be obtained from the provincial governments within the time limits which are prescribed, by means of an annual conference between the federal and provincial departments of labour, or else that Canada might have to assume responsibility through the federal department of Labour for the answers which are communicated to International Labour Office questionnaires. It was made clear in our discussion that in effect no answers are being sent at present on behalf of Canada as a whole to questionnaires dealing with subject matters which are not within federal authority.

The representatives of the United States Department of Labour and of the United States Department of State both expressed themselves as being under obligations to Dr. Riddell and Mr. Brown for their participation in the foregoing discussions and indicated that they might suggest the holding of a further conference on International Labour Office matters in Ottawa before the next meeting of the International Labour Conference.

W. A. RIDDELL

GERALD H. BROWN

493.

*Le délégué permanent [SDN] au ministre du Travail*  
*Permanent Delegate [L. of N.] to Minister of Labour*

DESPATCH 37

[Geneva] May 19, 1939

Sir,

I have the honour to inform you that Mr. Goodrich, the United States representative on the Governing Body, called to see me yesterday to discuss the terms of a clause which might be inserted in Draft Labour Conventions in order to permit a limited ratification by federal states. I understand that this question among others was recently examined at a meeting in Washington between Mr. Brown, Dr. Riddell and Mr. Lubin, and that since then further consideration has been given to it by the Departments of Labour and State in Washington.

Mr. Goodrich said that he was not yet sure that an effort would be made to have such a clause added to one of the Draft Conventions to be considered at

the Conference this June. In their reply to the questionnaire on the regulation of hours of work of road transport drivers, the United States Government made the following suggestion:

In the case of Federal governments which do not regulate the labour standards of local road transport undertakings, the international regulations may properly permit the exclusion from national laws and regulations of those classes of undertakings whose activities the competent authority finds to be local in scope, and whose labour standards, if regulated, are regulated only by local authorities rather than by the competent national authority. In all such cases the national authority should be required to call the terms of this Convention to the attention of the competent local authorities.

The International Labour Office merely reproduced this suggestion in their report for the Conference (see pp. 16 and 99 of Report IV), and did not include its text in the proposed Draft Convention printed at the conclusion of the report.

Mr. Goodrich tells me that there is a difference of opinion between senior officials of the International Labour Office on the advisability of such a departure, Mr. Phelan being inclined to oppose it whereas Mr. Winant and Mr. Tixier tend to favour it. Before pressing for the addition of such a clause, Mr. Goodrich intends to sound out the representatives of a number of other countries, both federal and unitary. He thinks it likely, however, that the results will be sufficiently favourable to justify an effort to add the clause to the Draft Convention on road transport drivers.

He left with me the alternative texts which had been under consideration. The following text has, I understand, the approval of the United States authorities:

*United States, clause III*

Ratification of this convention by a member state having a federal system of government shall be construed to be an undertaking by such a state to give effect to the provisions of the convention as regards all persons in respect of whom the federal authorities have constitutional power to give effect to the said provisions at the time the convention is adopted by the Conference, and to recommend similar action to the states, provinces or other local authorities within whose competence further action lies.

To meet possible criticisms of the phrase "and to recommend similar action to States etc.", Mr. Goodrich thought an alternative on the following lines would be acceptable to the United States:

and to take all practicable measures to facilitate and encourage the application of the provisions of the Convention by the competent State, provincial or other authorities as regards all other persons to whom the Convention applies.

It would probably be necessary to add to a clause on these lines a paragraph making it clear that federal states which were not able to give complete effect to the provisions of the Convention were under an obligation to indicate clearly in their annual reports on the application of the Convention the persons to whom the Convention was being applied by federal action and the measures taken to encourage the application of the Convention to other persons.

I should be glad if you would be good enough to inform me by cable whether you favour the inclusion of such a clause in the Draft Convention on road transport drivers, and whether you consider that a text on the lines set forth above would meet the constitutional situation in Canada. I suppose that the Canadian Government would not in any case be able to ratify a Convention on hours of work in road transport containing such a clause, as the subject in Canada seems now to be almost wholly in provincial jurisdiction; but the form employed would serve as a precedent for future Conventions to which Canada might be able to give substantial but not complete effect.

I have etc.

[H. H. WRONG]

494.

*Le délégué permanent [SDN] au ministère du Travail*  
*Permanent Delegate [L. of N.] to Department of Labour*

TELEGRAM 13

Geneva, June 10, 1939

Your telegram 5th June.<sup>1</sup> United States delegation, unless strong opposition develops, will propose addition federal clause to road transport convention. First part of draft given in my despatch 37 has been expanded. It now imposes obligation on federal states to apply convention to undertakings (1) engaged in commerce with foreign countries or between states or provinces of federations; (2) operating in part of metropolitan territory under federal control (e.g. District of Columbia); (3) regulated by federal authority when convention is adopted; (4) operating in constituent units of the federation which has undertaken to federal government to apply convention. From Canadian point of view addition of (4) is improvement but I am suggesting elimination or modification of (1) on the ground Canadian Government probably cannot regulate hours of work etcetera in these circumstances.

H. H. WRONG

495.

*Le ministère du Travail au délégation permanente [SDN]*  
*Department of Labour to Permanent Delegation [L. of N.]*

TELEGRAM

Ottawa, June 14, 1939

Your telegram number thirteen. See no objection to acceptance United States suggestions as to obligations applicable to federal countries under road transport convention but since Federal Government in Canada has no power at present to regulate road transport undertaking engaged in inter-provincial trade or in commerce with foreign countries this feature of United States proposal would require a qualifying provision limiting its application to countries where Federal powers exist to exercise such control.

<sup>1</sup> Non reproduit/not printed.

496.

*Le délégué permanent [SDN] au ministre du Travail*  
*Permanent Delegate [L. of N.] to Minister of Labour*

DESPATCH 47

[Geneva] July 5, 1939

Sir,

I have the honour to refer to previous correspondence concerning the proposal of the Government of the United States that special provision should be made in the Road Transport Convention adopted at the recent International Labour Conference in order to permit federal states to ratify the Convention without assuming the obligation to apply it to all workers covered by its terms.

On 16th June in the Road Transport Committee of the Conference Mr. Goodrich moved the addition to the Convention of the following provisions:

1. *New Article*

Include the following article between Articles 3 and 4:

"1. A Member of the Organisation having a federal system of Government in the case of which the jurisdiction of the federal authorities in respect of the subject matter of this Convention is subject to limitations may ratify this Convention upon the understanding that its obligations under the Convention will be:

(a) to give effect to the provisions of the Convention as regards the following classes of the persons to whom the Convention applies as defined in the preceding Articles:

(i) persons who drive or travel with vehicles which are engaged, or who are employed by undertakings which are engaged, in commerce with foreign nations or among the several constituent units of the Federation;

(ii) persons who drive or travel with vehicles which operate in a part of the metropolitan territory of the Member which is governed by the federal authorities.

(iii) persons who drive or travel with vehicles which are operated for the purposes of work done in execution of a contract with the federal authorities;

(iv) persons whose conditions of work are at the time of the adoption of this Convention regulated in respect of the subject matter of this Convention by federal laws or regulations or by a federal agency;

(v) persons who drive or travel with vehicles which operate in any constituent unit of the Federation, which unit has given an undertaking to the federal authorities that it will apply the provisions of this Convention to such persons while the Convention remains in force for the Member; and

(b) to take all practicable measures to facilitate and encourage the application of the provisions of the Convention by the competent state, provincial or other authorities as regards all other persons to whom the Convention applies as defined in the preceding Articles.

2. Any Member which wishes to ratify this Convention on the understanding stated in the preceding paragraph shall append to its ratification a declaration indicating that its ratification is given subject to the said understanding. Such a declaration may be cancelled at any time by a subsequent declaration, in which case the provisions of the Convention shall thenceforth apply in full to the Member in question."

2. *Article 22.*

Add the following paragraph:

“(f) in the case of any Member for which a declaration made in virtue of Article 4 is in force—

(i) the extent to which effect is given to the provisions of the Convention in pursuance of paragraph 1(a) of that Article; and

(ii) the measures which have been taken in pursuance of paragraph 1(b) of that Article and the extent to which effect is given to the provisions of the Convention as the result of such measures.”

The summary given in the Minutes of the Committee of Mr. Goodrich's speech in proposing this amendment and of my own remarks is attached as the first annex<sup>1</sup> to this despatch.

It will be observed that the amendment is designed to meet conditions in road transport only, and could not be adopted without alteration as a standard article in all draft conventions dealing with subjects only partly within the legislative competence of federal governments. Under the amendment a federal government would be obligated itself to apply directly the Convention to road transport workers of the following categories:

- (1) to those engaged in inter-state (or inter-provincial) and international commerce;
- (2) to those employed in a federal district such as the District of Columbia, Canberra and Mexico City;
- (3) to those employed on contracts with the federal authorities; and
- (4) to those under regulation by the federal authority at the time of the adoption of the Convention.

In addition under paragraph 1(a)(v) of the amendment federal states might assume an obligation that the Convention would be applied to all road transport workers operating in a constituent unit of the Confederation which had given an undertaking to the federal authority to apply the provisions of the Convention. The amendment would also require the federal state to take all practicable measures to secure the application of the Convention to other road transport workers in its national territory. The other provisions of the amendment concerning the form of ratification and the annual reports do not seem to call for comment.

The amendment has grown in complexity since its terms were discussed with Canadian officials in Washington last April. The United States Government had originally considered an amendment merely providing that federal states could ratify on the undertaking that (1) they would apply the Convention to all persons in respect of whom the federal authorities had constitutional power, and (2) they would encourage its application to all other persons in their territory. They moved away from this comparatively simple proposal, however, mainly for the reason that its adoption might appear to be an admission that the federal government did not possess authority under the United States Constitution to execute all international obligations. The

<sup>1</sup> Non reproduite/not printed.



legal battle over the treaty-making power which was lost by the Dominion Government in the Judicial Committee's decisions of 1937 has not yet been fought to a finish in the United States. They therefore turned to another formula which begged this issue but resulted in the production of an amendment which might fit the constitutional position in the United States but could probably not be adopted in any other federation. A simplification which Mr. Goodrich expressed himself as ready to accept was the elimination of the sub-paragraph requiring the federal state to apply the Convention to those working on federal contracts.

The amendment gave rise to considerable discussion in the Road Transport Committee, mainly over the procedure which should be adopted in considering it. Finally the Committee accepted a proposal of which I was the author to refer it to a small sub-committee with power to co-opt members of the Selection Committee who were competent to consider its constitutional and general bearings. This sub-committee included most of the members of the Governing Body who in recent years have played an active part in directing the policy of the Organisation. In it the Swiss Government representative, while expressing sympathy with the purpose of the amendment, opposed its adoption on constitutional grounds. These grounds were that the enumeration in Article 19, paragraphs 3 and 9, of the Constitution of the Organisation, of the circumstances in which special treatment could be granted to certain countries was exclusive; as the amendment could not be brought within these paragraphs it was therefore contrary to the Constitution. Mr. Phelan attempted to show that this objection was far-fetched and that in fact there were precedents for granting exceptional treatment in cases not covered by these paragraphs. The real difficulty seemed to arise from difference between two conceptions of law; these may roughly be described as the Anglo-Saxon view that that which is not expressly forbidden is permissible and the continental view that that which is not expressly authorized is forbidden. In addition to this objection a number of other members of the sub-committee were dubious about the drafting of the amendment, in particular about its great complexity, and about the wisdom of making such an innovation without further enquiry.

The sub-committee did not reach any decision, but Mr. Goodrich decided to withdraw the amendment, especially because the Swiss Government declared that they would have to oppose it strongly in Plenary Session. In consultation with myself and other members he introduced in its place the following resolution:

The Committee on Hours of Work in Road Transport,

Having considered with great interest a proposal that special provisions should be made in the text of the Draft Convention on Hours of Work and Rest Periods in Road Transport to permit ratification by federal States in which the jurisdiction of the federal authorities is subject to limitations,

Considering that the proposal raises questions of importance not only to the Committee on Hours of Work in Road Transport but to the International Labour Organisation as a whole, and

Recognizing the importance to the International Labour Organisation of bringing the largest possible number of workers under the protection of the binding obligations of international labour Conventions,

Recommends that the Conference request the Governing Body to undertake a study of methods of enabling federal States, whose jurisdiction over labour matters is limited, to assume under future Conventions the obligations of the Convention for the largest possible number of workers, and to submit a report to the Twenty-Sixth Session of the Conference.

This resolution was adopted by the Road Transport Committee without much discussion. The principle of finding a solution along the lines proposed by the United States Government for the special problems of federal States was supported by the Employers' and Workers' representatives as well as by a substantial number of Governments.

The resolution came before the Conference on 26th June and speeches favouring it and explaining its purpose were made by Mr. Goodrich and myself. Their text is given in the second annex<sup>1</sup> to this despatch. It was adopted without opposition by the Conference.

It now remains for the Governing Body to see that a study of the question is completed in time for consideration at the next Conference. A small committee may be established containing representatives of the Governing Body and jurists. I should be glad to receive before the Governing Body holds its next meeting early in October any further opinions on the subject which you may care to express in the light of the proceedings at the Conference.

I am forwarding a copy of this despatch to the Secretary of State for External Affairs for his information.

I have etc.

H. H. WRONG

UNION PANAMÉRICAINNE

b.

PAN-AMERICAN UNION

497.

*Memorandum*<sup>2</sup>

*Mémorandum*<sup>2</sup>

November 19, 1936

PEACE CONFERENCE IN BUENOS AIRES

With reference to your enquiry as to the Conference in Buenos Aires, and particularly as to whether an invitation was extended to Canada:

While the present Conference in Buenos Aires is not specifically a meeting of the Pan American Union, it is confined to its members, that is, the United States and the Latin American Republics of North, Central and South America. In January, 1936, President Roosevelt addressed a communication to the President of each Latin American Republic, indicating his conviction that the

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

moment had come when "American Republics, through their designated representatives seated at a common council table" should meet to consider the extension and consolidation of the machinery of peace now in effect. The facts that the Conference was stated to be a Conference of "the American Republics", and that no invitation was addressed to Canada, clearly indicate our position. Further, at his press conference on February 11th, Mr. Roosevelt stated definitely, in response to a question, that Canada was not included in the project.

On March 17th you so stated in the House, in response to a question from T. Reid, M.P., who thought the Conference had to deal with economic and monetary questions.

If at any time Canada wished to join the Pan American Union, there is no doubt a formal invitation would be forthcoming. Informal hints have been received from various Latin American quarters in the past ten years that our country would be welcome, and the United States informally indicated that while not desiring to make any suggestion as to what Canada should do, their Government would fully support such a course if it were decided upon by Canada. Incidentally, adherence by Canada to the Pan American Union would involve a formal amendment of the existing constitution of that body, which limits membership to "the American Republics".

498.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

January 8, 1937

CANADA AND THE PAN-AMERICAN UNION

XXIV. Canada has never been officially invited to join the Pan-American Union. On several occasions, however, it has been made apparent that an invitation would probably be forthcoming if the Dominion should evidence any desire to join. On their own volition Latin-American representatives at the various Conferences have from time to time indicated a desire that Canada should be invited to become a member and on at least one occasion, (January 1928) Canada intervened diplomatically to make sure that a discussion of this subject should not be started by an enthusiastic Latin-American diplomat. On other occasions, when the matter has been raised by the press or by individuals the answer of the Canadian Government has always been to state that if and when an invitation should be received "it would be considered by the Government in the light of the then existing circumstances."

XXV. There can be little doubt that the admission of Canada would be viewed very favourably by the majority of the other Governments represented in the Pan-American Union. This is particularly true of the Latin-American

<sup>1</sup> De/by H. L. Keenleyside.

States, which, in general, seem to believe that the admission of the Dominion would in some measure offset the predominance of the United States of America. The United States itself has been highly circumspect in its attitude, although individual Members of Congress, newspapermen and even officials have from time to time advocated the extension of an invitation to Canada. This has been particularly true of the leaders in the peace movements in the United States of America, and also of the officials and ex-officials of the Pan-American Union itself. The United States Government, however, has taken no overt steps. This may be due to two reasons. First, some United States officials (particularly before the present "good neighbour" era) probably believed that the admission of Canada would merely swell the ranks of the critics of United States policy. Second, the United States Government probably does not wish to appear to be engaged in what might possibly be interpreted as an effort to persuade Canada to substitute American for Imperial connections. At the present time, however, there is little doubt that Washington would join with the other American capitals in welcoming Canada into the Union. In the meanwhile the Canadian Coat of Arms is still engraved on the walls of the Building of the American Republics and the Canadian Chair is carefully preserved in the same edifice.

XXVI. Both the arguments advanced for, and the arguments against Canadian participation in the Union are somewhat exiguous and intangible rather than specific and concrete. They may perhaps be summarized as follows:

XXVII. Those Canadians who oppose the admission of Canada to the Union do so on one or more of the following grounds:

1. They point out that the Constitution of the Union speaks of "Republics" and refers to its member-states as "independent and sovereign". Canada is not a Republic and it is still a question as to just how far the Dominion may properly be described as independent and sovereign. Any hesitation the Dominion might have on either of these points could, of course, be obviated, with reference to the first point, by a minor amendment to the Constitution of the Union, and with reference to the second, by the obvious willingness of the member-states to accept the view that Canada is independent and sovereign (as has already been done in the case of Canadian membership in the League of Nations.)

2. They dislike the idea of Canada forming closer ties in this hemisphere which might indicate, or seem to indicate, a reorientation of Canadian policy away from the Empire and towards a predominantly American outlook.

3. They discern a possibility of Canada becoming entangled in Latin-American quarrels, or in difficulties between Latin-American States and the United States of America, in which the Dominion has no real interest.

4. They declare that Canadian public opinion is not yet ready for such action.

5. They profess to anticipate opposition from the United Kingdom or even from the United States.

XXVIII. Those who approve of Canada seeking admission, argue as follows:

1. They make light of the legal difficulties and emphasize the cordial reception that they believe Canada would receive.

2. They stress the advantages of a cultural nature that would result from Canadian participation in the educational, scientific, artistic, and social activities of the Union.

3. They emphasize the possibility that admission to the Union would bring about closer and more cordial relations with many Latin-American States and that those in turn would foster Canadian trade.

4. They support the view that Canada's security would be further enhanced by participation in the peace treaties to which most of the members of the Pan-American Union have subscribed.

5. They oppose the view that an increased participation in the affairs of this hemisphere would in any way lessen Canadian loyalty to either the Empire or the League.

6. They believe that Canadian public opinion is now definitely ready for such a move.

XXIX. It is difficult to estimate with any accuracy the attitude of the Canadian public towards the suggestion of Canadian admission to the Pan-American union beyond stating the very obvious fact that the matter is not generally considered to be one of vital or immediate importance. The majority of the population are comparatively apathetic and indifferent as they are on most subjects of such a nature. It is perhaps safe to say that among those members of the population who habitually consider problems of foreign affairs, there is a general consensus [*sic*] of opinion definitely in favour of Canada joining the Union, and that this view is gradually becoming more widespread. This is particularly true of the membership of such organizations as the League of Nations Union (so long as such action does not interfere with Canada's allegiance to the League itself), the Institute of International Affairs, and the Canadian Institute on Economics and Politics.

XXX. Within recent years there has been a definite shift in the weight of editorial opinion in the Canadian press. Fifteen years ago the majority of editors were certainly opposed to any suggestion of Canadian membership in the Pan-American Union. Today a definite proposal to enter the Union would apparently receive very wide, though perhaps not very enthusiastic support. Even today the subject is not considered to be of primary importance.

Most editors confine themselves in their discussion of Pan-American activities to a general outline of the work of the Conferences and to general expressions of good-will. Very few have offered specific advice as to Canadian participation or abstention. . . .

XXXIII. A fair summary of the Canadian attitude would probably be the statement that *general opinion* is apathetic, that *informed opinion* is predominantly favourable, and that *editorial opinion* is hesitant but in general tends to be favourable. And finally, it is certainly true that support is growing rather than decreasing. A strong lead by the Canadian Government would evoke widespread support, but it is unlikely that the absence of such a lead will be particularly resented.

499.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 22, 1938

CANADA AND THE EIGHTH INTERNATIONAL CONFERENCE  
OF  
AMERICAN STATES WHICH IS TO MEET AT LIMA IN DECEMBER, 1938

I. The Inter-American Conference for the maintenance of Peace which was convened at the instance of President Roosevelt concluded its session in Buenos Aires in December 1936. In a departmental memorandum<sup>2</sup> describing the work of that Conference the following sentences appear:

Efforts to improve commercial relations in the American hemisphere were not omitted . . . There can be no doubt that the next two years will see a tremendous effort on the part of Mr. Hull and his assistants to arrange trade agreements with Latin America . . . (Mr. Hull) would be a very incompetent Secretary of State if he failed to capitalize upon the success of his diplomacy by translating that success into terms of increased trade. European, Asiatic (and Canadian) exporters will encounter a revived United States competition in Latin America during the next five years.

The accuracy of these forecasts has been amply substantiated by the events of 1937 and 1938.

II. As a result of the propagandist activities of the United States representatives at Buenos Aires, and of the reciprocal trade agreements negotiated with Latin American countries by Mr. Hull, United States trade with the States of Central and South America has rapidly expanded during the past eighteen months. The following figures give concrete evidence of this fact:

<sup>1</sup> De/by H. L. Keenleyside.

<sup>2</sup> Non reproduit/not printed.

## UNITED STATES EXPORTS TO LATIN AMERICA

		Percentage Increase
Year ending 30 June 1936	\$363,281,000	
30 June 1937	473,731,000	+30.5%
30 June 1938	650,000,000	+72.0%
	(approx.)	

III. A great deal of the competition that has had to be overcome by United States exporters to Latin America has been that of Germany and Italy. The former in particular has been making a concentrated drive for South American markets and has used every available form of political and propagandist pressure to increase sales. During the two years in question German trade with the countries under consideration increased by some 30% and a further large expansion is anticipated for the current trade year.

IV. During the period under review Canadian trade with Latin America has increased by 34.4% but the total figures are comparatively insignificant. In the year ending on the 31st of March 1938 Canada sold to Latin America goods valued at only \$24,292,622. During the same period, as shown above, the United States of America sold over \$600,000,000 worth of commodities in the same market, an increase of approximately 70%.

V. Trade rivalry in Central and South America will certainly increase in severity during the coming years. The totalitarian states of Europe are carrying on in that region a campaign of propaganda that will use every available instrument and will not be hampered by limitations of precedent or propriety. The United States, keenly aware of this fact, has already taken steps to strengthen *its* position. Two new divisions have been created in the State Department which are specifically designed to strengthen the cultural and material bonds between Washington and the various Latin capitals of the Western hemisphere. The "Division of Cultural Relations" and the "Division of International Communications" will arrange for the exchange of professors, teachers, and students; for international cooperation in music, literature, and art; and for a consistent programme of international radio broadcasts. These activities will reach a focus of endeavour during the time of the meeting of the Pan-American Conference which opens at Lima in December. It will be very surprising if the result is anything less than a definite increase in friendship between the United States of America and the other Republics, and this may well prove a real factor in fostering trade relations.\* The success of the astute Hull-Roosevelt policy in the past strongly justifies the prediction that the curve of United States sales to Latin America will rise steeply after the Lima Conference. As many of the commodities which Canada sells in Latin America are sold in competition with the United States, such a development will mean increased severity in the struggle to retain or expand Canadian markets.

\* In addition a "trade mission to Latin America" composed of leading United States businessmen and industrialists is already being arranged by the United States Department of Commerce.

VI. Fortunately there is a method available whereby Canada can participate prominently on the stage at Lima, and participate in such a way as to prevent the United States from obtaining a monopoly of the good will that it is Washington's desire to create at the Conference. It has, of course, long been known that the Latin American States would like to welcome Canada into membership in the Pan-American Union. The "vacant chair" in the building of the Union at Washington is a constant reminder of this country's abstention. Few things would be likely to create more excitement and pleasure in a meeting of the Union than an opportunity to welcome Canada into membership. Now while it may not be feasible for Canada actually to join the Union and to participate in the Lima Conference as a member, it should not be either very difficult or very expensive to arrange for Canadian representation in Lima by an "Observer". This would be taken by the members of the Union as the Dominion's first step towards membership, and it would arouse great interest and satisfaction. It would steal a large part of the limelight from the United States and if properly carried out—particularly in its social and oratorical aspects—the appearance of a Canadian observer might well prove to be the highlight of the Conference. It would be possible for the Canadian observer to make contacts and to create an impression that would have very great value in favourable publicity. Such publicity might react most advantageously upon Canadian trade relations below the Rio Grande. Certainly it would do no harm and the cost would be infinitesimal in comparison with the possible advantages that might result.

VII. There are, of course, other reasons also that might be advanced in support of the belief that the sending of a Canadian observer to the Lima Conference would be to the national advantage. The members of the Union will discuss such important matters as the "organization of peace", "international law in America", economic problems in general and inter-American trade policies in particular, intellectual cooperation and moral disarmament, and the functions of the Pan-American Union. With the world in its present state of ferment and anxious trepidation, it may well be that from this Conference will come results of vital importance in the history of the western hemisphere. By such representation as has been proposed above, Canada will be involved in no commitments of any nature but will be in a position to learn at first hand of all developments that may effect the future of that part of the world in which Canadians must live.

VIII. In conclusion the arguments in favour of Canada being represented by an observer at the 8th International Conference of American states which is to meet at Lima, Peru, in December 1938 may be summarized as follows:

- A. If properly managed it will have tremendous publicity value.
- B. Such publicity will facilitate the sale of Canadian goods in Latin America.



C. It will prevent the United States from monopolizing the good will that it is the aim of Washington to create.

D. It will keep the Dominion Government in direct contact with political and economic discussions which may be of vital importance for the future of this hemisphere.

E. It will cost comparatively little.

F. It will not be open to the political objections which might be advanced in some quarters if Canada were actually to join the Union at this time.

G. It can have no possible ill effects; it might very probably prove greatly to the national advantage.

500.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

November 30, 1938

PAN-AMERICAN CONFERENCE

I called up Mr. Simmons this morning in view of your statement last night that it was not intended to carry through the proposal to send an observer to the Lima Conference. I did not go into the reasons beyond saying that we had found it would not be possible to make any arrangements in time to send a satisfactory representative and that I was letting him know so that the State Department would not be put to unnecessary enquiries.

Mr. Simmons then said he was about to call me up on the subject. On receiving my enquiry yesterday as to what the procedure would be in case the Canadian Government would wish to send an observer he had got in touch with the State Department. Somewhat to his surprise they had got in touch with the President at Georgia. The President had stated that the attitude of the United States Government was the same towards Canadian participation in the Conference as it had been two years ago. He stated that the Government would be glad to give to the Canadian Government a record of the present Conference and any future conferences of this type. Mr. Simmons added that he had not had anything definite as to the procedure to be followed in sending an observer but surmized there might be difficulty in finding anyone empowered to pass upon this somewhat unprecedented question before the Conference itself actually met. I told him it was not desired to have further enquiries made.

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<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

501.

## PARTIE 2/PART 2

CONFÉRENCES INTERNATIONALES  
INTERNATIONAL CONFERENCES  
CONFÉRENCE NAVALE DE LONDRES

a.

## LONDON NAVAL CONFERENCE

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Under-Secretary of State  
for External Affairs*

London, January 7, 1936

## PERSONAL

My dear Skelton,

I have your letter of the 24th December. I am afraid that my letter of the 13th December, and telegram of the 18th, may have led you to attach undue importance to the incident in question. The status of the Dominion delegations at the Conference has been questioned by no one. The Japanese delegation did as a matter of fact interject as a debating point the question as to the relation of Dominion Navies to their contention for a "common upper limit", but there was no disposition on the part of any other delegation to allow the subject to be interjected into the discussion, and Norman Davis, of the United States delegation, closed off any discussion with a humorous statement to the effect that Conferences should be content to leave the constitution of the British Commonwealth for the consideration of its own members, or words to that effect.

The suggestion which I reported to you in my letter that Dominion delegates should not attend this particular session was due to a suggestion arising amongst the Dominion delegations themselves, but when it appeared that the absence of Dominion representatives on this particular occasion might lead to misunderstanding the idea was abandoned, and, as I cabled you, I attended as usual, and except for one occasion when I was unable to attend, and Vanier took my place, I have been at every session of the Conference since its commencement.

I need not say that I entirely agree with you as to the principle underlying the representation of the Dominions at the Conference, and at all similar events. The "Commonwealth", as you say, is not represented by a single delegation, and there is no one "head". I am unaware of any desire on the part of anyone connected with the Conference to challenge this fundamental principle. Each Dominion is asked to speak for itself and does so. This, of

course, is as it should be. I am sorry that I may have inadvertently led you to attach a significance to the incident dealt with in my letter of the 13th December which the matter did not really possess.

With all good wishes for the New Year,

Yours sincerely,

VINCENT MASSEY

502.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 11

London, January 11, 1936

SECRET. Naval Conference. With further reference to my telegram of the 10th January, No. 9,<sup>1</sup> possible alternative procedure to final discussion of common upper limit on Tuesday may be request to Japanese to postpone decision of common upper limit pending exploration of remaining subjects not yet discussed by Conference. Should Japan leave Conference on failure to agree with this request, other Powers position probably stronger in view of the fact that Japanese withdrawal then based on mere question of procedure. It is practically certain that all delegations except Japan will vote against principle of common upper limit if brought to a decision, and I assume Canada should take the same stand as the other nine delegations. Reference to possible naval treaty effected without Japan; such treaty would of course embody safeguarding articles, releasing signatory Powers from obligations of Agreement should Japanese action make this necessary. Ends.

MASSEY

503.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

PARAPHRASE OF TELEGRAM 5

Ottawa, January 13, 1936

IMMEDIATE. SECRET. Naval Conference. Your secret telegrams of the 10th and 11th January, Nos. 9 and 11.

1. The outlook for any alternative is scarcely encouraging and the Conference doubtless faces a choice among evils. The Conference will risk an-

<sup>1</sup> Non reproduit/not printed.

other dramatic rebuff in the open, if enlarged to receive Germany and Russia, unless some understanding is reached in advance with those Powers concerning the practical contribution they are prepared to make. The difficulties of such understanding seem great in view of the apparent conflict of ideas, both between those two Powers and between each of them and the others already at the Conference, concerning the ultimate political issues; this same conflict being presumably responsible for the failure with Japan. The character of many delegations and the basis of organization of the Conference have doubtless rendered it impracticable to deal with these fundamental issues.

2. Failing the possibility of dealing with such issues, the question becomes one of tactics, and from this standpoint the case for the alternative mentioned in your telegram No. 11 is clear. The Canadian Government has no special position to advance as the question is of paramount concern to the principal naval Powers and while the latter alternative seems preferable you should acquiesce in whichever mode of procedure those Powers, more especially Great Britain and the United States, after consideration may conclude is calculated to further the objective of reduction in naval budgets in the long run. You should act in this sense if the Japanese maintain their attitude and a vote becomes necessary. I assume there will be no necessity for statements. Ends.

504.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

January 16, 1936

RE LONDON NAVAL CONFERENCE

One aspect of the First Lord of the Admiralty's statement on the Japanese walk-out, as published in this morning's papers, is worth noting (see, e.g., the *Montreal Gazette*).

In his statement and six points he is reported as speaking variously of "we" finding "ourselves in complete agreement with the principal delegate from the United States"; of "Britain" being "as desirous as Japan for naval reduction"; of "the British Government and people" feeling "the Japanese plan would create a situation disadvantageous to Britain" and "to accept the proposal would be an act of suicide"; of "the Power with the greater naval needs"; of "a Power with world-wide responsibilities"; of "Britain" as having "to guard routes over the seven seas"; of "the British Commonwealth, which

<sup>1</sup> L. C. Christie à/to O. D. Skelton.

must take into account responsibilities in European waters, the Atlantic and Pacific oceans"; of the Japanese proposal facing "*Britain* with a strange situation"; of "the feeling among the *British delegation*" being "one of regret at the Japanese move, but it was hoped it would not lead to a deterioration of *Anglo-Japanese relations*"; and so on.

He leaves the world no room for doubt that he is purporting to speak for *one Power*. He apparently equates "Britain" with "the British Commonwealth" and leaves it to the world to make up its mind what special content to give these terms, though conceptions like "the British Government and people" and "Anglo-Japanese relations" might assist the world in this task.

The six points are substantially the points made at various times by the United Kingdom delegation throughout the Conference.

It may be noted also that the press generally now speaks of "the Five-Power Conference" which has ended and of "the Four-Power Conference" which may follow.

505.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 12

Ottawa, January 31, 1936

Sir,

I have the honour to acknowledge the receipt of your despatches<sup>1</sup> Nos. 4 and 16 of January 10th and 17th respectively transmitting further papers dealing with the proceedings of the London Naval Conference. It is a matter for deep regret that the Japanese delegation found it necessary to withdraw from the Conference. Apparently, from the documents, some hope is still felt that they may eventually return or at least participate to some extent in whatever agreements may be reached by the remaining Powers, and I trust that no opportunity will be lost to promote this end.

As regards the idea of continuing the Conference as between the remaining Powers, I informed you in my secret telegram No. 5 of January 13th of our concurrence. The purpose for which the Conference was called is to promote the reduction of naval budgets. That is a matter of paramount concern to the principal naval Powers, and the Canadian Government, which has no special position to advance, is ready to co-operate in such methods of

<sup>1</sup> Non reproduites/not printed.

procedure as those Powers, more especially Great Britain and the United States, may conclude are calculated to further that objective.

I have etc.

O. D. SKELTON for the . . .

506.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Under-Secretary of State for External Affairs  
to High Commissioner in Britain*

Ottawa, February 1, 1936

PERSONAL

My dear Massey,

I am glad to learn from your personal letter of January 7th that the idea of Dominion delegates remaining away from "Heads of Delegation" meetings of the Naval Conference, after being entertained, was abandoned.

In this connection, I observe from the minutes that the Australian, Irish Free State and Indian Delegations happen not to have been represented at the meeting in question (December 16), but in view of your explanation I would assume this was a coincidence, though it does not seem a particularly fortunate one.

I note also a press report of January 17th to the effect that for a sub-committee set up that day ten seats were provided, two each for Great Britain, the United States, France and Italy and one each for Canada and India. But the official records of that decision, which have not yet arrived, may throw further light on it.

From another aspect I note that at one conference meeting the New Zealand Delegate is recorded as declaring that "by a happy arrangement" their Navy automatically becomes a part of the British Navy on war breaking out, while at a later meeting he says it is "a component part of the British Navy". I understand an Australian warship is with the British forces in the Mediterranean now. The press habitually spoke of the meetings as "the Five-Power Conference", and now it is "the Four-Power Conference". On the other hand, there is Mr. Dulanty's declaration on behalf of the Irish Free State Government at the Conference meeting of January 15th, asserting the Irish Free State's position as being "in no way different from that of any of the other States represented" and virtually disowning the 1930 arrangement which grouped the several Commonwealth naval tonnages as a unit for purposes of comparison with other navies.

We have succeeded in getting by so far, but it may not always be possible to ignore the indications of restiveness within or without. In view of the underlying political developments the picture is scarcely a satisfying one.

Your sincerely,

O. D. SKELTON

507.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

February 4, 1936

LONDON NAVAL CONFERENCE OF 1935

The press, in reporting a decision taken at the meeting of January 17th to set up a technical sub-committee on advance notification and exchange of information, stated that there were ten seats on the sub-committee; two each for the United States, France, Great Britain, and Italy, and one each for Canada and India.

What happened in fact—as shown by the attached extract<sup>2</sup> from the minutes—was that after it had been decided to set up a sub-committee, the Chairman called for nominations and named two officials for Great Britain, and the American, French, and Italian delegates followed by naming two each also; while, in their turn, the Canadian and Indian delegates nominated one each; the Australian and New Zealand delegates requested that the United Kingdom nominees should represent them; the Irish Free State delegation indicated that they did not wish to be represented, and the South African delegate said they did not wish to be “separately represented”. But the matter does not appear to have been discussed as one of principle.

508.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 6

Ottawa, February 14, 1936

With reference to my telegram No. 97 of November 26th, Naval Conference. It is understood new Full Powers are required since the existing ones were signed by the late King. It is desired by His Majesty's Government in Canada that His Majesty may be humbly moved to issue new Full Powers to Mr. Massey in the sense of his existing one.

<sup>1</sup>L. C. Christie à/to O. D. Skelton.

<sup>2</sup>Non reproduit/not printed.

509.

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Under-Secretary of State  
for External Affairs*

London, February 21, 1936

PERSONAL AND CONFIDENTIAL

My dear Skelton,

I have your personal letter of February 1st.

I am afraid that the Naval Conference as viewed at long range may give an appearance of having neglected constitutional considerations, which I feel is really not in accordance with the facts. For instance, the absence of the Australian, Irish Free State and Indian Delegations from the meeting on the 16th December possessed no significance. Again, the allotment of seats at the Sub-Committee set up on January 17th (two for the United States, etc. and one for Canada, etc.) simply followed the composition of the Committee which was based on a selection of personnel to do a given technical job. I think it would have been ill-advised to have demanded equal representation for all the nine Members of the Conference.

The statement of the New Zealand Delegation to which you refer is, of course, an expression of the New Zealand point of view; also Australian participation in naval activities in the Mediterranean today is, of course, a matter of Australian national policy.

The fact that the press speak of the Conference as "The Four-Power Conference" is simply an inevitable reflection of the fact that four of the nine Powers at the Conference have large naval forces.

I am not quite clear what you mean by the final paragraph of your letter, particularly in the phrase "indications of restiveness within and without". I should be grateful if you would be good enough to develop the point you have in mind. I am never neglectful of the constitutional principles to which you refer, and I am always prepared to take any appropriate action in the matter when I feel it necessary to do so. At present, however, I cannot feel that any essential principle is in jeopardy. I should be very grateful if you would write me again on the subject so that I may have full knowledge of your views.

Yours sincerely,

VINCENT MASSEY



510.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Under-Secretary of State for External Affairs  
to High Commissioner in Britain*

March 6, 1936

PERSONAL AND CONFIDENTIAL

My dear Massey,

I have your personal letter of February 21st about the Naval Conference.

I had no wish, nor do I think it would be useful, to attempt anything in the nature of making a case that this particular Conference or anyone connected with it had neglected constitutional considerations. Having entered the Conference, our ability to press such considerations naturally encounters practical limits of various kinds. But that is not to say that it may not be useful to note privately, for future consideration, such items as are likely to appear anomalous to our people.

I am sorry that an innocent phrase in my letter appears to have come to you as a somewhat disturbing riddle. It was merely a device, perhaps somewhat compendious, intended as a reference to things noted before. If you will look at the correspondence, you will see that I had noted, as occurring within the British Commonwealth of Nations, certain diverging reactions to the same circumstances, as well as certain reactions occurring in the larger family of nations outside. These are indications of something—I am not wedded to “restiveness”, though it seems innocuous enough in an informal exchange—which it seems to me we shall have to be concerned about as time goes on.

Yours sincerely,

O. D. SKELTON

511.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 109

London, March 21, 1936

Following is synopsis of final draft of London Naval Treaty, 1936, which is being considered this morning. Preamble follows model of London Naval Treaty, 1930, but no provision is made for Irish Free State who do not intend to sign. Following articles of previous “A” mailed in bag, March 13th, are repeated in final draft without change or with minor alterations in

wording: 1,2,3,4,5,6,7,8,9,10,11,12,13,14,15,16,17,18,19,21,22. New article inserted after Article 18 of draft "A" to provide for exchange of information as to minor war vessels and auxiliary vessels with particular service for which they are intended, which information is to be exchanged within one month after the coming into force of the present treaty. Thereafter amendments to the lists of such vessels and changes in information shall be exchanged within the month of January in each subsequent year. The new article inserted after Article 21 of draft "A" and replacing Article 20 provides for a temporary modified procedure regarding the exchange of information outlined in Article 13 of draft "A" in the event of present Treaty not coming into force before May 1st, 1937. There are new safeguarding articles in final draft to cover following eventualities:

(a) *Escape in case authorization, construction or acquisition of vessels not in conformity with limitations and restrictions of present treaty, by a non-contracting power.*

This article makes it obligatory for any high contracting party who wishes to notify all other high contracting parties, state nature and extent of proposed departure and reason therefor; and for these other high contracting parties to consult together with a view to reducing departure to a minimum. Three months from such notification, subject to any agreement which may have been reached to contrary all high contracting parties will be entitled to depart from Articles 3,4,5,6,7 and 8 of Treaty. By this clause High Contracting Parties are permitted not only to alter characteristics of any vessel building, or already declared, but also to increase number of such vessels.

(b) *Escape in case any High Contracting Party should become engaged in war.*

Such High Contracting Party may suspend any or all of obligations of Treaty, giving immediate notification to other High Contracting Parties. This clause also provides for consultation between remaining High Contracting Parties with a view to agreeing as to obligations of Treaty each may suspend. Further consultation is to take place on cessation of hostilities to agree upon a date for Treaty again to become operative or to decide upon any amendments to it which may be considered necessary.

(c) *Escape in case National Security of any High Contracting Party should be materially affected by changes of circumstances other than those provided for in Articles 6(2), 24 and 25 of Present Treaty.*

This clause provides that under above condition a High Contracting Party may (depart?) for current year from his declared programme of construction or acquisition, provided amount of construction by any party to Treaty within limitations and restrictions thereof shall not

constitute a change of circumstances. Such departure must be notified to other High Contracting Parties together with reasons, who shall then consult together with a view to agreeing what departures, if any, are necessary to meet situation. Three months from original notification each of high contracting parties may, subject to any agreement which may have been reached to contrary, depart from his declared programme, providing necessary notification, including its nature and extent, be given other high contracting parties.

Escape from "cruiser holiday".

This provides that any high contracting party may if requirements of his national security are materially affected by actual or authorized amount of construction by any power of light surface vessels sub-category (b), or construction of light surface vessels exceeding 8,000 tons of standard displacement, have right to lay down or acquire light surface vessels of any standard of displacement or armaments.

There is a new part V in final draft with final clause to provide for initiation of consultations in 1940 by United Kingdom Government with a view to holding a new Naval Conference in 1941, and that during this consultation views shall be exchanged to determine whether in light of experience gained tonnage and gun calibre of capital ships might be reduced.

Provision also made for ratification and coming into force of present Treaty and for accession by other signatories of London Naval Treaty 1930. It is hoped to sign Treaty Tuesday, March 24. In absence of instructions to contrary will assume I have permission to sign for Canada.

MASSEY

512.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 110

London, March 21, 1936

At Naval Conference meeting this morning signing of Treaty postponed until Wednesday. Te Water made two reservations as to form of draft. First, in respect of preamble South African Government interprets declaration of preamble as having been made in respect of each of members of British Commonwealth of Nations enumerated therein and that each member assumes liabilities merely for himself. Secondly, reservation concerning Article 22 which reads as follows "No High Contracting Party shall, by gift, sale or any mode, transfer, dispose of any of his surface vessels of war or submarines in such manner that such vessel may become a surface vessel of war or a submarine in any foreign navy. This provision shall not apply to auxiliary vessels".

The South African Government regards for the purpose of above article the term "foreign" as not referring to members of British Commonwealth *inter se*.

Davis made short statement that United States acceptance of cruiser holiday was given on the understanding that if cruiser strength of Commonwealth navies should be increased beyond 60 under-age and 10 over-age, or if there should be any abnormal increase in existing cruiser strength of any other Washington Treaty Powers, United States would be at liberty to resume construction of cruisers exceeding 8,000 tons to the extent that might be necessary.

MASSEY

513.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM

London, March 24, 1936

Informed South Africa does not propose to sign Naval Treaty tomorrow, giving as reason, in a letter to President of Conference, that South Africa does not at present possess any naval force and does not contemplate developing any. Letter also refers to opening speech of South African delegate explaining why South Africa has no navy.

*Procès verbal* agreed on for signature Thursday by which United Kingdom is authorized and requested to (submit?) rules of submarine warfare embodied in Part 4 of previous Naval Treaty to Governments of all non-signatory States with an invitation to accede thereto definitely and without limit of time.

Japan, South Africa and Irish Free State propose to sign above *procès verbal* and assume no objection to me signing for Canada.

MASSEY

514.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 79

Ottawa, March 24, 1936

IMPORTANT. Your telegrams March 21st, Nos. 109 and 110. Draft Naval Treaty. We agree with South African interpretation of preamble, but do not think it necessary to make reservation on this occasion on this point. The use

of the words "programme" and "declaration" in the singular number in Articles 12 and 16, for example, might be regarded as not wholly consistent with that interpretation, but it is assumed each Dominion from year to year, after deciding on its own programme, would be entitled to make its own declaration to each of the other High Contracting Parties and to receive corresponding declarations from them. As regards Article 22 we do not see necessity of reservation.

515.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 80

Ottawa, March 24, 1936

IMPORTANT. Your unnumbered telegram of today. You are authorized to sign both Naval Treaty and Procès-Verbal respecting rules of submarine warfare.

516.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 21

London, March 27, 1936

Sir,

I have the honour to state that the proposed procès verbal in connection with Part IV of the London Naval Treaty, 1930, was not signed at the closing session of the Naval Conference on Wednesday last as was expected. The Secretary of the Conference has informed us that the reason for this delay is that the Japanese Government requires further time for its examination.

2. It appears that the Japanese Government are, in principle, in favor of signing the procès verbal, but that there can be no question of signature this week. In the meantime, revised proofs of the document have been prepared, a copy of which is enclosed.

3. The procedure now proposed includes the communication to the parties to the London Naval Treaty 1930, by the French and (*mutatis mutandis*), the Italians of letters in the terms of the enclosed draft. It is not quite clear

as yet whether these letters will be communicated at the time of signature of the procès verbal or at some later date, but in any case it is understood that the French and Italians will not expect any immediate reply and will be ready to sign the procès verbal without having received one.

I have etc.

VINCENT MASSEY

517.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 223

Ottawa, August 16, 1937

Sir,

I have the honour to refer to your circular telegram No. B. 65 of August 13th<sup>1</sup> stating that, the ratifications of the London Naval Treaty 1936 in respect of the United Kingdom, Canada, Australia, New Zealand, and India having been deposited with His Majesty's Government in the United Kingdom on July 29th, the Treaty came into force as from that date.

2. In view of the coming into force of the Treaty I transmit herewith, for the information of His Majesty's Government in the United Kingdom, pursuant to Article 19 of the Treaty, the list of the Minor War Vessels and Auxiliary Vessels of His Majesty's Canadian Naval Service.

3. In accordance with the intimation conveyed in my despatch No. 336 of December 5, 1936,<sup>1</sup> I am communicating this list at once to the other signatories of the Treaty.

4. In the event of Italy acceding to the Treaty I would request that this list be communicated, on behalf of the Canadian Government, to the Italian Government.

5. In accordance with the further intimation conveyed in my above mentioned despatch of December 5th last, it is understood that the Government of the United Kingdom may pass on this list to the Governments of Germany and Soviet Russia in the sense indicated in that despatch.

6. For your convenience in these connections I am transmitting herewith 10 copies of the list.

I have etc.

O. D. SKELTON for the . . .

<sup>1</sup> Non reproduits/not printed.

CONFÉRENCE INTERNATIONALE SUR LE BLÉ<sup>1</sup>

b.

INTERNATIONAL WHEAT CONFERENCE<sup>1</sup>

518.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 152

Ottawa, July 13, 1938

Your telegram No. 152.<sup>2</sup> Would be grateful if arrangements could be made to have Pearson attend meeting of Wheat Advisory Committee July 14th. He should support United States proposal to continue Committee until August 1, 1940. It is not desired to take an active part in discussions on other questions. Pearson might cable brief summary of discussions and should not commit Government to anything without first asking for further instructions.

519.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 156

London, July 14, 1938

Your telegram No. 152. Following from Pearson:

Wheat Advisory Committee met morning and afternoon. All member States represented except Soviet Russia and Roumania who will both be present tomorrow. United States Ambassador presided. Representative of International Institute of Agriculture agreed with conclusions of Secretariat Report, but (later information?) indicated European total production of 320 million quintals with exporting surplus of 132 million. With imports not likely to exceed preceding year he felt world surplus might shortly reach 1933 figures. Black, United States Agricultural Economist, accepted United States figures given by Secretariat Report and emphasized that United States would be in world wheat market and that Governmental machinery would be used if necessary to maintain their traditional position as a wheat exporter. At the same time they were anxious to co-operate in some form of international solution for wheat crisis which was approaching. French delegate, Devinat, outlined domestic measures which would be taken to deal

<sup>1</sup> Voir aussi les doc. 103, 105/see also docs. 103, 105.

<sup>2</sup> Non reproduit/not printed.

with their surplus which might reach 13 million quintals. They were also anxious for some form of international action. Hungarian delegate said that his country's export surplus would be 6½ million quintals. Enfield, United Kingdom, accepted conclusions of Secretariat Report and the necessity for international control as did other delegates. Chairman stated that some measure of international control essential not merely for forthcoming surplus but for the future generally. I made no observations. From conversations afterwards gathered that there will be a Resolution put forward to-morrow to accept the statistical conclusions of the Report and to submit them to Governments with the suggestion that a further meeting be held in October at which some form of international cooperation to meet the approaching wheat crisis should be agreed upon. Cairns states that the Chairman very anxious to submit very strong Resolution to this effect but I warned him that my present instructions would permit me to accept no Resolution committing the Canadian Government to anything. Committee hopes to finish tomorrow. Ends.

520.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 153

Ottawa, July 15, 1938

IMMEDIATE. Your telegram No. 156 of July 14th, summarizing discussions Wheat Advisory Committee. Somewhat surprised at proposal to submit resolution to-morrow accepting conclusions of Secretariat Report and suggesting meeting in October to consider international cooperation in wheat marketing. Members of Government Wheat Committee out of city today and if resolution is brought in to-day there will be no alternative but that you should abstain.

521.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 157

London, July 15, 1938

Following from Pearson, Begins: My telegram No. 156, July 14th. Wheat Advisory Committee ended sessions this evening. Members agreed without opposition to continue Committee for two years. Australia and others suggested that Argentine, India, Turkey and other non-member States be approached to reconsider earlier decisions not to cooperate with Committee.



Considerable discussion over item No. 5. Certain delegations including Canadian opposed authorizing Secretariat being given powers requested. Matter was postponed until next meeting on the understanding that Secretary should not repeat his experiment of last January. Long discussion over Report of Committee to Governments. United States anxious that Report should refer to forthcoming wheat crisis and necessity of Governments preparing plans for international actions to meet it which should receive consideration at next meeting of Committee in October. I was unable to accept draft which embodied these ideas or any Resolution that in its terms approved of a Report which the Canadian Government had not yet seen.

As a result original draft altered and one adopted merely stating that Committee examined Secretariat Report and that consensus of opinion expressed was that unless some unexpected factor intervened, there was every indication of a wheat crisis. I made it quite clear, as Minutes will show, that I was not in a position to be included in this consensus of opinion.

Committee Report then calls attention to the following points:

- (a) Danger of competition in subsidizing exports;
- (b) Estimate of acreage of wheat production, exportable surplus, world import demands and world stocks.

Committee then expresses desirability of holding meeting in the Autumn when more information on this year's production will be available. At this meeting Committee would consider what action it should recommend to Governments to give the matter consideration. United States felt that this draft too weak and tried to strengthen it, but I stated that I could not accept any amendment offered by them for that purpose.

Your telegram No. 153 did not reach Canada House until 6:20 and when decoded and delivered to me session had finished. Feel, however, that as Committee Report does not give any express approval to Secretariat's review; as wheat crisis view is referred to merely as expression of consensus of opinion, and as the Canadian Government is not committed to anything but further consideration, abstention might not have been necessary in any case. Ends.

522.

*Le président, le Comité consultatif sur le blé  
au haut commissaire en Grande-Bretagne  
Chairman, Wheat Advisory Committee  
to High Commissioner in Britain*

London, December 5, 1938

Mr. High Commissioner,

The Australian, French, United Kingdom and United States representatives have informed me that their Governments desire an early meeting of the Committee to consider: (a) the present world wheat crisis, the imminence

of which the Committee emphasized in their 15th July 1938 report to governments; and (b) what action the Committee should recommend to the constituent governments to cope with that crisis. In response to these representations, arrangements have been made to hold the next meeting in London on Tuesday, 10th January, 1939.

You will note that the fourth item on the annotated agenda, two copies of which are enclosed, calls for the consideration of the prospects of reaching agreement in principle upon an effective international wheat scheme. I would, therefore, appreciate your requesting your Government to give such instructions to their representatives as will enable the Committee adequately to appraise the possibilities of such an agreement being successfully negotiated. Should your representatives desire to make any suggestions regarding the annotated agenda or additions thereto, I would welcome their sending them to the Secretary at their earliest convenience.

Accept etc.

JOSEPH P. KENNEDY

[PIÈCE JOINTE/ENCLOSURE]

CONFIDENTIAL

[London] December 5, 1938

WHEAT ADVISORY COMMITTEE

The tenth session of the Committee will open in Room 47, Board of Trade, Great George Street, London S.W. 1, at 11 a.m. on Tuesday, 10th January 1939.

AGENDA

1. To approve the minutes of the ninth session held at the Board of Trade, London, on 14th and 15th July 1938 (Document M.9.E. already circulated).
2. To consider the Secretariat's report on the present and prospective world wheat situation (Document B.19.E to be circulated shortly).
3. To consider to what extent the adoption of sound nutritional policies would bring about a shift in production from bread cereals to protective foodstuffs, and thus ease the international wheat problem (Circular No. 23, being a memorandum submitted by the Australian delegation, to be circulated shortly).
4. To consider the prospects of reaching agreement in principle upon an effective international wheat scheme and, should they appear favourable, to consider what recommendations should be made to governments regarding:
  - (a) the convening at an early date of an international wheat conference; and

(b) the concrete proposals that should be considered by that conference with a view to reaching full agreement (see the following Memorandum).

5. Any other business.

#### MEMORANDUM

The Secretary deems it his duty to bring to the attention of the Committee the following suggestions which have been put forward in a number of quarters:

A. That a prerequisite of the successful operation of an international wheat agreement is the co-operation of both the exporting and importing countries.

B. That, owing to the need of ample time for governments successfully to carry out the national production and marketing policies necessary to implement their international commitments, and due to the overlapping of the crop years in the northern and southern hemispheres, the minimum period of a new international wheat agreement should be five years.

C. That the normal exporting countries might be asked to consider agreeing:

1. Not to permit the sale of wheat for export at a price below the equivalent of a specified minimum for a standard grade;

(Note: No. 3 Manitoba Northern would be a suitable standard grade. It is suggested that 31 shillings per 480 lb. quarter c.i.f. U.K. would be an appropriate minimum price. This suggested price is the equivalent, at the 3rd December 1938 rate of exchange, of the Canadian Government's 1938/39 guaranteed minimum of 74 cents per bushel for No. 3 Manitoba Northern in store at Ft. William; the market price on 3rd December was 22 cents below this guaranteed minimum. As the average freight and handling charges are about 17 cents, the net price paid by the Canadian Wheat Board to the farmer is about 57 cents per bushel for No. 3 Manitoba Northern.)

2. Not to permit the sale of wheat for export at a price below the equivalent of the price paid to their farmers for such export wheat;

(Note: The intention of this suggestion would be to leave each exporting country free to establish whatever home-consumption price they choose. The Australian Government fixed on 1st December 1938 a home-consumption price of 5/2 per bushel f.o.r. cities. As the average freight and handling charges are about 6d. this fixed price is the equivalent of about 4/8 per bushel at country sidings. On 3rd December 1938 the market price at country sidings was about 2/- per bushel.)

3. To limit their exports of wheat during each of the five crop years to a quota equal to a specified percentage of the total world demand for imported wheat (as estimated by the Committee) less an allowance (also to be estimated by the Committee) for a number of countries, the exports of which are both irregular and small;

(Note: A number of European exporting countries would probably prefer to forego any increase in their quota which would result from an increase in

world demand, providing they received an absolute quota; this could no doubt be arranged as it was in the case of the Danubian countries in the 1933 Wheat Agreement.)

4. To provide wheat, from surplus stocks, at a price substantially below that to be specified in paragraph C.1, for the establishment of earmarked security stocks in importing countries;

(Note: The intention of this suggestion may be illustrated as follows: If a number of importing countries intimated to the Committee (a) that they desired to accumulate special security reserves of say 100 million bushels, (b) that they intended to replace 25 million bushels of that quantity by new purchases each year and (c) that they would undertake to ensure that the wheat so replaced would not be used for human-consumption (except in case of war or when the price of duty-free imported wheat had risen to 35% above the price to be specified in paragraph C.1), then the Committee would arrange for the allocation of the initial and replacement purchases to those exporting countries which were willing to sell the wheat at a price substantially below that to be specified in paragraph C.1. Any exports arising out of the provisions of paragraph C.4 would be non-quota wheat and therefore would not be subject to the provisions of paragraphs C.1, C.2 and C.3.)

5. To provide wheat, from excessive surplus stocks, at nominal prices, for an international relief fund;

(Note: If it were represented to the Committee that they could relieve destitute people and at the same time stimulate a potential future demand for imported wheat by providing wheat at nominal prices to relief agencies in various areas, the Committee would ask each country which possessed excessive surplus stocks to consider making an appropriate contribution to the fund and request the International Red Cross or similar body to supervise its distribution. Any exports arising out of the provisions of paragraph C.5 would be non-quota wheat and therefore would not be subject to the provisions of paragraphs C.1, C.2 and C.3.)

6. To adopt the measures, appropriate to the circumstances of the respective countries, necessary to prevent wheat production from exceeding the quantity required:

(i) to provide for adequate domestic consumption;

(ii) to fulfil export quotas; and

(iii) to maintain the carryover (i.e. 1st August total stocks of old wheat) within a specified range wide enough to accommodate normal fluctuations due to below- or above-average yields per acre, and high enough to meet the provisions of (i) and (ii) even in years of sub-normal unit-yields.

D. That the normal importing countries might be asked to consider agreeing:

1. To renew the commitments they made in Article 6 of the Final Act of the 1933 Conference of Wheat Exporting and Importing Countries;

2. Not to permit the exportation of wheat without prior consultation with the Committee with a view to reaching agreement on the maximum volume and minimum export sale price of such exports;

3. Not to permit the sale of wheat for export below the equivalent of the price paid to their farmers for such export wheat;

(Note: The intention of this suggestion is to prevent the stimulation to production which would result from exports the primary purpose of which was to restore equilibrium between supply and demand and thus increase domestic prices.)

4. To recognize that the provisions of paragraph C.4 should facilitate a gradual reduction in the production of wheat where the production-cost is excessively high;

5. Not to permit the importation of wheat from any signatory country which has exceeded its export quota.

523.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 13

Ottawa, January 10, 1939

IMMEDIATE. Your telegram No. 6.<sup>1</sup> Wheat Advisory Committee. You may indicate that so far as Canada is concerned, we do not favour acreage limitation or price fixing. At same time we are prepared to consider any proposals that may be put forward and suggest you communicate with us regarding any other concrete proposals on which Government view is desired. Delegation might particularly ask questions that relate to the practicality of the Clauses B, C, and D of memorandum December 5th. Feel if any chance of agreement now on a practical plan that you should agree to later conference. Believe the practicality of Item B suggesting a minimum period of 5 years has to be proved. Item C1 you should secure more details and enquire how will price basis be fixed for countries not selling certificate final. What will millers, particularly in United Kingdom think of fixed prices and quantities, and have their views been canvassed? Does not Item C2 prevent exporting countries assisting their producers through prices? Do other exporting countries agree this proposal? On Item C3 do other exporting countries agree limit exports irrespective of production and how will barter agreements affect this proposal? Proposals Items 4, 5, and 6 need to be amplified before they can be properly appraised, for example why lower prices for security stocks and how would their withdrawal from storage be regulated, and are other exporting countries favourably inclined? What are views importing countries re proposals Clause D and could they not do something more definite to meet a common problem?

<sup>1</sup> Non reproduit/not printed.

524.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 8

London, January 10, 1939

Wheat Advisory Committee secretariat report circulated today for consideration and discussion. Following is brief précis:

World wheat acreage in 1939 will be considerably reduced owing to United States policy which will more than offset effects of price policies in Canada, Australia, and Argentine, and acreage increase in certain European countries.

Estimated world yield per acre in 1938 is 15.3 bushels—highest in history with a record high production figure of 4480 million bushels from 293 million acres. World net exports 38-39 estimated at 560 million bushels (Cairns claims this higher than other estimates) and consumption at record high figure of 3852 million. World stocks of old wheat August 1st, 1939, estimated 1194 millions, a figure higher than record of 1934. Assuming 16 million acres reduction 1939, and 17 year average yield per acre and world consumption 3740 millions, total stocks of old wheat August 1940 estimated 1314 millions. This claimed to be conservative estimate and stated only way to avoid it reduction of wheat acreage in Canada, Australia and Argentine. Report outlines export subsidy policies of various countries and suggests this may cost 4 major export countries 1938-39 not less than 125 million dollars. This loss considered to be needless given reasonable degree of coordination of national wheat policies. In spite of these subsidies fundamental maladjustments remain uncorrected. Maintenance of minimum prices by subsidy will have harmful economic effects and yet if prices allowed to fall through policy of drift, then the purchasing power of wheat producers will be deplorably low. Stated that the United States of four major exporters will appreciably enlarge exports by subsidy because of bitter competition for available demand at any price. Programme of one country neutralises the programme of another.

Argued that there is growing recognition of seriousness of situation and necessity for corrective action. In this regard, North West Grain Dealers Association, Stanford Food Research Institute, Corn Trade News, Alonzo Taylor, Professor Hope, Saskatchewan, quoted—

Rome Institute representative Capponi agreed with the conclusions of the secretariat report which is substantially in agreement with the Rome Institute report made public today. Emphasized critical nature of world wheat situation if no acreage reduction in Canada, Australia and Argentine, and if yields average. Capponi painted gloomy picture.

Would urgently request instructions as to what is to be said on Canada's behalf in connection with the proposals contained in the Agenda.

Discussions of the Secretariat's report will continue this afternoon and tomorrow. Canadian delegate cannot very well remain silent as a statement will be expected from Canada in view of position she occupies in the matters under discussion.

MASSEY

525.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 10

London, January 11, 1939

Your telegram No. 13, January 10th, Wheat Advisory Committee. Discussion of items Nos. 2, 3 and 4 of Agenda concluded this morning. On item No. 5 this afternoon I made statement that solution of wheat problem must be considered by each producing State in the light of its own circumstances. While Canada was always anxious for maximum degree of international collaboration in solving this and other international problems, not convinced acreage reduction a practical solution. Reserved question of approving Conference or otherwise until views of other delegations expressed on this point. United States delegate Steere emphasized any modification by his Government of their present wheat policy would depend on possibility of concerted international action in the future. He made a plea for such action through an early Wheat Conference. United States Government accept proposals A, B, C(1) and C(2) of memorandum. Though each country should decide for itself how to relate production to exporting quotas, such quotas must be foundation for any successful wheat agreement. United States Government thought it possible now to place a minimum price foundation under world wheat structure. Importers participation considered essential in any agreement along lines of D.5. Australian delegate MacDougall states his Government willing to participate in Conference and accept points A and B. Exporting quotas basis of any agreement and production control purely a domestic matter. Argentine delegate Brebbia agreed to Conference subject to co-operation of importers and to reservation that current year's Argentine crop should not come under any international control scheme. Hungarian delegate approved the Conference but made some reservations to price fixing proposal. United Kingdom agreed to Conference but as importers could not police the agreement as suggested under D.5 or go further in this connection than the obligation of the sugar agreement. Belgian delegate agreed with the United Kingdom, France, Germany, Switzerland

and Holland accept Conference, though the latter considered that any resulting agreement should include cereals to be successful. Union of Soviet Socialist Republics will state its position later. Question of approving the Conference is being kept separate from the discussion of detailed proposals of memorandum attached to the Agenda concerning practicability of which there is not likely to be unanimity. Seems unlikely however that any delegation will oppose holding the Conference. Carlill, United Kingdom, suggested to me privately that in his opinion best procedure would be for four overseas exporters to get together for preliminary discussions as in 1933. Assume that in view of above situation I should agree in principle to holding of Wheat Conference.

MASSEY

526.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 11

London, January 12, 1939

Wheat Advisory Committee. No opposition this morning from remaining delegations to holding Wheat Conference. Soviet delegation stated that they would attend. I made statement that while approaching proposal of a Wheat Conference with some hesitation, and while emphasizing that an abortive Conference would be worse than none at all, in view of agreement that such a Conference is desirable Canada accepts in principle and is prepared to participate. Such acceptance, however, implies no commitments to any recommendations which have been made. The Conference must be entirely free to deal with subjects within its terms of reference without previous commitments. Australian delegation suggested that Preparatory Committee be set up to prepare plans and documentation for Conference and examine proposals submitted. This Committee to consist of four overseas exporters, one Danubian State, Union of Soviet Socialist Republics, two importers (United Kingdom and either France or Germany). There was general agreement on this. I suggested possibly Preparatory Committee might be given power to decide in the light of its deliberations whether there was sufficient agreement to make full Conference desirable. This suggestion met with mixed reception but general feeling was that though Preparatory Committee should not specifically be given power to reject Conference it should in fact be able to give it all that is implied in a 6 months hoist if its deliberations show agreement at full Conference would be unlikely.

MASSEY



527.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 47

London, February 3, 1939

Wheat Committee. Following are main proposals on which detailed views would be of great assistance:

(1) Export countries agree not to permit sale for export for 5 year period of agreement below equivalent of a basic minimum price—such equivalent to be set up by Committee of a proposed Wheat Council.

(2) Export quotas to be set for overseas countries in terms of percentage of world demand as estimated by Council less a fixed amount to be divided among other exporters.

(3) Overseas exporters' quotas to be increased by Wheat Council when United Kingdom prices remain for six weeks a certain amount above set minimum.

(4) Quarterly quotas within annual quotas.

(5) Unusable portion of quota to be surrendered into a quota reserve, or if necessary commandeered by Council for that reserve which will be allocated as Council thinks desirable.

(6) Contribution by overseas exporters to a fund for increasing wheat consumption and for relief purposes.

(7) Importers not to encourage extension of wheat areas by governmental action; to remove the measures tending to lower the quotas on bread stuffs; to initiate the reduction of tariffs and relax quantitative restrictions on imports when price not less than minimum for period of not less than 16 weeks; not to export without prior consultation with Council and not below price equivalent as set by Committee above. Importers also to agree to modify regulations governing temporary admission so that this trade will no longer enjoy any form of subsidy.

(8) Overseas exporters, in view of minimum price which makes unnecessary the payment of direct or indirect subsidies on exports, to agree not to fix domestic prices above export minimum. Temporary exporters not to subsidize exports in such a way as to encourage production beyond domestic requirements.

(9) Importers agree to consider and so far as their law permits to apply recommendations of Council against signatories which have broken agreement.

MASSEY

528.

*Le secrétaire d'État aux affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 121

Ottawa, March 22, 1939

Sir,

I have the honour to inform you that the Wheat Committee of the Cabinet have considered the draft International Wheat Agreement Document W.7 E. of the Wheat Advisory Committee, and, for your guidance in the April meeting of the Preparatory Committee, they have communicated to me the following statement of policy which sets forth the position of the Canadian Government in respect of the principal provisions of the proposed draft Agreement:

1. In confirming your statement to the Wheat Advisory Committee on January 11 regarding acreage control, we remain of the opinion that acreage reduction is not a practicable measure in our domestic situation. The Canadian acreage is a comparatively stable one, but on the other hand no other major wheat producing country has approximated the wide variations in yields which have been the Canadian experience within the past seventeen years. Assuming a major adjustment of say 20 per cent in the Canadian acreage, the effect of this adjustment would be altogether overruled by a yield per acre of 23.5 bushels as it was in 1928 or 7.0 bushels as it was in 1937. With such potential variations in yields, acreage adjustment is not an effective instrument for production control in the Canadian situation. Canada has undertaken no significant acreage expansion within the past ten years, although world wheat acreage between 1929 and 1938 has increased materially. We are of the opinion that if world acreage reduction is desired, it should first be sought in the countries which have contributed to the recent increase. For these reasons the Canadian Government is not prepared to undertake a commitment at the present time to maintain carryover stocks within minimum and maximum limits, which in turn, under certain conditions entails resort to acreage control.

2. We believe further that failure on Canada's part to accept the minimum and maximum reserve provisions by no means prejudices the negotiation of a satisfactory agreement on the basis of other provisions within the draft agreement.

3. With respect to export quotas our attitude is conditioned upon the effective operation of a satisfactory minimum export price. In the circumstance that a basic minimum price, to be referred to below, can be effectively main-

tained, the Canada Government is prepared to undertake a commitment not to exceed in any year a certain percentage export quota. We feel strongly, however, that such export quota should not limit Canada to a share of the estimated world import demand which is smaller than Canada has otherwise enjoyed in the absence of an agreement. To be specific, we consider that if world import demand were estimated as low as 560 million bushels, Canada's percentage share should provide an export quota of 200 million bushels. You are authorized to negotiate informally in the matter of export quotas, bearing in mind that we need to press for this amount as an objective. It is not material to Canada how the remaining allocations are made to other countries if a percentage quota allowing Canada 200 million bushels on a total world import estimate of 560 million bushels is attained.

4. We regard the provision for a basic minimum price of 33s.6d. per 480 lb. quarter for No. 3 Northern wheat c.i.f. London, to be the one measure in the draft agreement which, if capable of practical administration and enforcement, is of potential benefit to Canada. We are interested in this provision under the following conditions that (a) the basic minimum price set be not lower than 33s. 6d. per quarter for No. 3 Northern wheat, c.i.f. London, (b) provision be made to alter the price consistently with any substantial change in the rate of sterling, (c) evidence be furnished to us with regard to its practicability of administration among the exporting countries and (d) the importing countries give an unequivocal undertaking to penalize offending exporting countries for infractions.

5. In the event that a practical undertaking is not forthcoming on the part of both exporting and importing countries with respect to a basic minimum price at an approximate level of 33s. 6d. per quarter for No. 3 Northern, then we are of the opinion that the remainder of the draft agreement including export quotas does not imply for Canada sufficient future benefit to warrant Canada's participation in an Agreement. Our attitude in this respect should not be stated until after negotiations for a satisfactory minimum price have been attempted. Any initial statement should express our hope that a satisfactory basic minimum price may be negotiated, and that on this condition we are prepared to negotiate also for a percentage export quota.

6. We consider, further, that the draft agreement in providing for a signatory importing country's becoming a net exporting country during the life of the Agreement upon the approval of Council does not imply any serious undertaking on the part of the importing countries to cooperate in the exporting countries' endeavour to prevent further aggravation of world wheat trade. We desire you, therefore, to press for a provision which will prevent any presently designated importing country from becoming a net exporter in any crop year during the life of the agreement.

7. The foregoing paragraphs represent our basic viewpoint on the substantive provisions of the draft agreement. Negotiations on the more detailed provisions of the agreement should be undertaken by you, consistently with the major considerations we have outlined. For your further assistance in the April meetings of the Preparatory Committee we propose to send additional delegates to be appointed later. It is expressly understood, of course, that negotiations in the Preparatory Committee do not represent final commitments, the latter to be reserved for a formal conference.

I have etc.

O. D. SKELTON for the . . .

529.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 189

London, May 6, 1939

In an endeavour to bring the Conference to some practical basis after two weeks indefinite discussion, we suggested that formula of 16 crop year period 1922-1923 to 1937-1938 exports be discussed at Preparatory Committee as being most (word omitted) basis upon which agreement on export quotas might be reached. This suggestion entirely subject to your final approval and subject to a satisfactory minimum price basis. Based on estimated annual world import requirements of 560 million bushels, and assuming global quota of 107 million bushels for exporting countries (other than the four major exporting countries,) the suggested formula would provide Canada a percentage for the remaining 453 million bushels of 41 per cent or 186 million bushels, Argentine 23 per cent or 106 million bushels, United States 19 per cent or 84 million bushels, and Australia 17 per cent or 77 million bushels. This period was suggested as being the only equitable period that would embrace all kinds of market and crop conditions.

United States up to this point were demanding quotas on basis of 10 best crop years exports for each country, thus escaping their 5 light crop years. On their formula Canada's quota would be only 37½ per cent or 168 million bushels.

Argentine, Australia and United States delegations agreed to consult their Governments re our formula proposal but proceedings this week indicate very little hope of agreement. Argentine demanding fixed quota of 135 million bushels. Australia demanding higher quota than the United States but Australian delegate without definite instructions apparently due to change in Government. United States withholding quota figures until Australia declares. United States delegates present attitude seems not to indicate that they consider our suggested formula a reasonable compromise, but Conference now developed into considerable argument between Argentine, Australia, and United States. Ourselves, Australia and the United States definitely reject Argentine request for quota as being decidedly too high and object to fixed quota rather than percentage quota of estimated world demand for any of four leading exporters. Our opinion 107 million bushels suggested for countries other than big four a liberal quota, but will not likely be acceptable to those countries. Hungary declaring figures 10,000,000 bushels more than her named share confirms this view. No declaration from Russia yet. General impression Roumanian delegation will demand excessive quota. Yugoslavia states uninterested in agreement due bilateral arrangements. Looks as if Committee will terminate eventually in arguments between United States, Argentine and Australia on quotas,

plus prospect of impossible quotas for Danubian countries. Meetings now recessed until some time next week pending more definite figures from Australia and Danubian countries.

530.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 266

London, July 20, 1939

Argentine considers Chairman's quota percentages allowed her too low, suggests somewhat higher desirable but no percentage indicated. This is caused (?) by request that consideration must be given for extra quota of first and second years and asks United States and Australia what they are prepared to relinquish.

Australia advise no reply has been received relative to Chairman's report but convinced Commonwealth sympathetic situation toward Canada and Argentine and cabling tonight what contribution they are prepared to make from basic quota this year.

United States report are prepared to export 50 million bushels this year providing basic percentages of Chairman's report substantially agreed to and acreage production plan considered they reserve decision for second year until situation more clarified.

Chairman suggested that as United States makes a substantial surrender and Australia may follow suit that both Canadian and Argentine representatives communicate with their Governments requesting guidance re allocation of surrendered quotas.

Would appreciate early advice and suggest instructions on percentage basis. Next meeting on July 24th.

MASSEY

531.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 221

Ottawa, July 22, 1939

MOST IMMEDIATE. CONFIDENTIAL. Your telegram No. 266 of July 20th. In absence of Minister of Agriculture in West impossible to arrange meeting of Cabinet Wheat Committee to determine policy before Wednesday,

July 26th. In circumstances suggest postponement of meeting arranged for July 24th until end of week unless other countries are prepared to proceed without waiting for Canadian observations on new proposals.

532.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 222

Ottawa, July 26, 1939

IMMEDIATE. Your telegram No. 266 of 20th of July. Following are instructions approved by Cabinet Wheat Committee, begins:

Considering improved Canadian crop prospects since May and in relation to a 1939 rather than a 1941 agreement we are presently faced with a prospective 1939 crop of 400 million bushels plus carryover of 100 million which, less domestic requirements, leaves us 1939 export surplus of 390 million bushels. Under these circumstances for the 1939-40 crop year we are unable to contemplate an export quota of less than 200 million bushels which would still leave a yearend carryover of 190 million bushels. Our prospective stock position in worse situation than in Argentina. Accordingly we ask Preparatory Committee to consider 1939-40 quota of 200 million bushels for Canada and this with minimum prices provision in draft agreement. Will consider adherence to percentage quotas for five year period following 1939-40 with minimum price provision and based on sixteen year average as proposed in Canadian memorandum of April 28,<sup>1</sup> if Preparatory Committee gives favourable consideration to 1939-40 Canadian quota of 200 million bushels. Ends.

533.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 235

Ottawa, August 4, 1939

Reference your telegram No. 279 of August 1st.<sup>1</sup>

Confirming telephone conversation following is text of Wheat Committee's message:

Begins. Because of decline Canadian crop prospects from ten days ago we would accept quota for nineteen thirty nine-forty of one hundred and ninety two million bushels if aggregate demand from four countries is four hundred and thirty five million bushels and two hundred point seven million

<sup>1</sup> Non reproduits/not printed.

bushels if aggregate demand is four hundred and fifty million bushels. Respecting continuing quota for Canada beyond nineteen thirty nine-forty we definitely remain of opinion that basic percentage export quota of forty one point nought two percent for Canada derived from sixteen year average as suggested by us is fairest possible and most consistent basis for effecting an agreement. These proposals subject of course to satisfactory basic minimum price agreement as in telegram two seven nine paragraph two clause one. Meanwhile we would appreciate having greater clarification other countries response as result of chairman's statement. Ends.

534.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 290

London, August 15, 1939

Preparatory Wheat Committee meeting this afternoon. Chairman remarked that he was positive Argentine had said last word and only accepted by Argentine Government on account of Brebbia's five year standing as Agricultural Minister. Chairman also confidentially remarked that unless all Governments were willing to study position promptly he felt the other unwilling sections in Argentine would sabotage present suggestions and would undoubtedly force withdrawal of Brebbia's proposals especially absolute agreement to five year contract at minimum price with no escape clause. The Chairman stressed this particularly. The United States agreed with Chairman's remarks and believed here was a hopeful basis and immediately offered further sacrifice of five million bushels for first year providing percentages were basis 39 Canada 24 Argentine 18 Australia 19 per cent United States. Therefore their first year quota export being 45 million bushels. Australia agreed with Chairman regarding Argentine's last word and possibility of withdrawal unless quick action likely, but reiterated last cable report and felt that although would cable urging further reduction thought that below first year quota of 75 million bushels would be most difficult for Prime Minister to obtain agreement with the various States Ministers, but hoped for a five million reduction, and with regard to basic quotas thought 18% would also be difficult unless presented to Australian people as being reduction shared by United States and Australia toward Argentine's quota, namely, in shape of 18.1 for Australia and 18.90 for United States. It was generally pointed out that although Canadian position looks like a sacrifice of 22 million bushels basis of 435 million for first year and 2.02% for subsequent years, that considering that world position by virtue of less European crop would easily result in over 450 million being big four proportion that therefore everything over 435 million would automatically come to Canada alone up to 470 million bushels, and in the opinion of United States and Australia it gave Canada sufficient

compensation for her loss of subsequent quotas allowing for general sacrifice all around. Canadian delegate pointed out magnitude of sacrifices demanded of them and declined making any statement until instructed by Ottawa. The Canadian delegates feel that probably the last word has been said by both Australia and United States and certainly Argentine, and if agreement is to materialise further concessions are required of us. Next meeting Thursday morning August 17th for consideration of instructions from Governments.

MASSEY

535.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM

Ottawa, August 16, 1939

IMPORTANT. Following from Wheat Committee of Cabinet, Begins: With all figures million bushels, we understand present suggestion for 1939-40 is that Canada should accept 170 actual and all excess over 435 and up to 470, compared with 150 Argentina, 70 Australia, 45 United States all actual. If this correct interpretation it means Canada will have carry-over August 1st next of about 220 on basis 435 and 205 on basis 450. Telegram No. 279 August 1st, proposed Canada's 1939-40 quota be 192 if 435, and 200.7 if 450. We agreed to accept in our cable August 4th. Against Argentina's stated exportable stock position January 1st, 1940, of 172 Canada will have about 312. Evidently no consideration given our stock position, being 140 over Argentina's when we are granted only 20 higher actual export quota 1939-40 and speculative possibility if 435 exceeded. We suggest distinction necessary between the countries that made admittedly reasonable proposition from the outset and the making of concessions now from unreasonably high first offer. Canada will accept actual quota of 185 for 1939-40 and share proportionately excess over 435 with others making further concessions necessary to give Canada 185. We repeat Canada's 41% continuing quota based on broadest practical period of past events and this further supported by our prospective stock position at August 1st, 1940. Ends.

536.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 298

London, August 21, 1939

Big Four section of Preparatory Wheat Committee in session Friday, August 18th.



Argentine delegate Brebbia prepared to recommend 150 million bushels basis 450 with percentage adjustment of 33.33 above or below. Nothing further reported from others. General opinion that agreement relatively near but three others feel that progress unlikely without Canada reconsidering 41 per cent basic quota. To clarify position Secretary was entrusted to prepare statement summarizing general opinion which showed 2.5 per cent over basic quotas and 16 million excess basis 450 first year. Extracts from this memorandum follow:

(1) Danger was expressed that fixed quotas first year would prove unworkable but converted to percentage figures might avoid difficulties;

(2) All Governments to be cabled suggesting that if an agreement is to result it must be somewhere around following basis, namely, first year percentages, Argentine 33.33, Australia 16.21, Canada 40.69, United States 9.77, giving on basis 450 respectively 150, 72.0, 183.1, and 44. These same percentages will govern first year regardless of total Big Four world trade whether 470 or 435. Basic quota following four year percentages respectively, 24, 17.84, 39.5, 18.66. This means spreading over five years respectively 25.87, 17.51, 39.74, 16.88. United States and Australian delegates thought their Governments might be favourable to above suggestions which were being cabled. Argentine also concurred. Canada advised they were reporting.

Other exporting members of Preparatory Committee insist on early meeting which Chairman is arranging for this week. Chairman desires to return to Washington as soon as possible to receive instructions regarding appointment as Minister to Denmark.

In view of above developments, Canadian delegates are of opinion that, assuming possible acceptance of above points by other Governments, some type limited discretion expressed in terms of percentage would be very helpful to us.

MASSEY

537.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 255

Ottawa, August 25, 1939

Your telegram No. 298 August 21st. Following from Minister of Trade and Commerce Begins: Considering present International situation would suggest advisability of recessing Preparatory Committee meetings to be resumed at call of Chairman if and when political situation improves. Ends.

## CONFÉRENCE INTERAMÉRICAINNE SUR LA RADIO

c.

## INTER-AMERICAN RADIO CONFERENCE

538.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 8

Ottawa, January 9, 1937

Sir,

I have the honour to state that the Government of Canada, having received strong representations from the Canadian Broadcasting Corporation and the Canadian Department concerned, have given careful consideration to the serious situation that has existed for some time as the result of interference with Canadian broadcasting stations by broadcasting stations in Cuba, Mexico and the United States, but particularly in Mexico, which are operating on frequencies in use for many years by Canadian stations or on frequencies adjoining Canadian channels.

The position thus created for Canada in respect of her broadcasting service has become difficult to a point which has led the Canadian authorities concerned to impress upon the Canadian Government the necessity of some effective action.

Representations were made to the Mexican Government about a year ago, pointing out the situation which had arisen and asking their cooperation in reducing the interference complained of on the Canadian channels. It is to be inferred from their reply that no solution of the problems involved in direct or other interference by their stations could be found without a full discussion of these problems at a conference between representatives of Cuba, Mexico, the United States and Canada. I have to point out that the broadcasting arrangement of the 5th May, 1932, between the United States and Canada, has been greatly impaired by the absence of an understanding between Cuba, Mexico and the United States, regarding an equitable division of broadcasting channels for use in these three countries.

A general monitoring of Canadian stations in connection with the operation of United States stations has also established the presence of disturbing factors in a large field of the Canadian broadcasting service and the Canadian authorities are of the opinion that the questions relating to these factors should be considered in conference.

It should be added that the Canadian Broadcasting Corporation have brought to the notice of the Canadian Government the need for a greater number of clear channels than is now available for Canadian stations.

I would ask you, therefore, to take up with the United States Government, in the light of the statement contained above, the question of the desirability of a conference between Cuba, Mexico, the United States and Canada with a view to these countries arriving at a satisfactory arrangement whereby their existing difficulties will be eliminated and which will

provide, as far as may be possible, for their reasonable future requirements, and to add that, if the United States Government concur in the desirability of such a conference, the Canadian Government would be very glad to extend an invitation to them and to the Cuban and Mexican Governments to such a conference which might be held at Ottawa at a date convenient to the parties concerned.

I have etc.

O. D. SKELTON for the . . .

539.

*Le consul général de Cuba au sous-secrétaire d'État  
aux Affaires extérieures*

*Cuban Consul General to Under-Secretary of State  
for External Affairs*

No. 87

Ottawa, February 10, 1937

Sir,

The Technical Advisers of the Department of Communications of Cuba consider as convenient the gathering in Havana, from the 8th to the 15th of March, 1937, of an informal Regional Conference of Radio Experts designated by the Governments of Canada, the United States and of the Mexican United States and by my Government. The purpose of this Conference is to facilitate an exchange of ideas in regard to the opportunity, the most favourable date, probabilities and the Agenda of a Regional American Radio Conference which my Government would like to convene for the month of November of this year.

According to instructions received from the Secretary of State of Cuba, I have the honour to convey to you the invitation for the Government of Canada to designate Delegates to the above mentioned informal Conference of March 8th to 15th. My Government shall be very much pleased to receive any suggestion the Government of Canada might deem advisable to make in what concerns such informal Conference or its Agenda.

I have etc.

GABRIEL DE LA CAMPA

540.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général de Cuba*

*Under-Secretary of State for External Affairs  
to Cuban Consul General*

Ottawa, February 12, 1937

Sir,

With reference to my letter of the 11th February, 1937,<sup>1</sup> concerning an informal Regional Conference of Radio Experts designated by the Govern-

<sup>1</sup> Non reproduite/not printed.

ments of Cuba, Mexico, the United States and Canada, to be held at Havana from the 8th to the 15th March, 1937, I have the honour to make the following suggestions for the Agenda of this informal Conference:

A. Discussion of any bases which might be or have been used for the allocation of channels as between countries, taking into consideration area, population, minimum service, to which each country is reasonably entitled, etc.

- B. (1) Classification of channels  
 (2) Width of channels  
 (3) What further channels might be made available for broadcasting  
 (4) Classification of stations (power)  
 (5) Definition or service area of the different classes of stations  
 (6) Extent and definition of the protection to be accorded to each class of stations  
 (7) The use and effectiveness of directional antenna systems in protecting stations in neighbouring countries  
 (8) Discussion of the basis for the geographical separation to be required between stations

C. Recommendations as to any changes which might be made immediately as a purely interim measure, looking to at least some alleviation in the present international interference situation in North America.

I have etc.

O. D. SKELTON

541.

*Le secrétaire d'État par intérim aux Affaires extérieures  
 au ministre de Grande-Bretagne à Cuba*

*Acting Secretary of State for External Affairs  
 to British Minister in Cuba*

Ottawa, June 22, 1937

Sir,

I have the honour to bring to your attention the fact that the Regional Radio Conference held in the city of Havana from the 15th to the 29th of March, 1937, adopted at its final plenary session the following resolution:

It is resolved by the Conference to hold an Inter-American Radio Conference to be inaugurated the first day of November, 1937, to which there shall be submitted all the matters prepared and studied by the present Regional Conference as well as any other questions which the American nations may suggest before the 30th day of August 1937.

It requests the Cuban Government to offer its hospitality for the holding of said conference in the City of Havana and, in such a case, to kindly invite all the American nations to be present at the said Conference of November 1st, 1937.

In accordance with the terms of this Resolution the Canadian Government desires to request the Cuban Administration to place on the Agenda of the November Conference the following topic for discussion:

The desirability and possibility of assigning the band of frequencies comprised between 160 Kc/s and 240 Kc/s to broadcasting, in the American region.

I shall be greatly obliged if you will place this suggestion before the appropriate authorities of the Cuban Government.

I have etc.

SCOTT MACDONALD for the . . .

542.

*Le ministre de Grande-Bretagne à Cuba au secrétaire d'État  
aux Affaires extérieures*

*British Minister in Cuba to Secretary of State  
for External Affairs*

Havana, July 28, 1937

Sir,

With reference to your despatch of the 22nd ultimo regarding the forthcoming Inter-American Radio Conference, I have the honour to transmit to you herewith translation of Note No. 1626 of the 23rd instant<sup>1</sup> from the Cuban Secretary of State, informing me of the resolution to include in the Agenda of this Conference the topic for discussion put forward by His Majesty's Government in Canada.

I have etc.

H. A. GRANT WATSON

543.

*Mémoire*<sup>2</sup>

*Memorandum*<sup>2</sup>

October 7, 1937

#### HAVANA RADIO CONFERENCE OPENING 1ST NOVEMBER

Canada has accepted to participate in this Conference and the question which now arises is to advise the Cuban authorities of the names and composition of the Canadian Delegation.

Interference with Canadian broadcasting stations caused by Mexican and Cuban stations and similar difficulties between United States and Mexican

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> L. Beaudry au Premier ministre/L. Beaudry to Prime Minister.

stations resulted in an informal conference of radio experts from Canada, the United States, Cuba and Mexico, which was held in Havana last March. This informal conference prepared an agenda for a formal conference which is to be held in November next. The main question to be determined will be to devise a scheme of allocation of radio channels between Canada, United States, Cuba and Mexico. Other countries of Latin-America will also participate. Besides the main question, technical problems will be discussed.

The Conference will be important as the determination of the principal question will result in establishing a set-up as to allocation of channels between the countries concerned which will crystallize the situation in Canada for a number of years. It is anticipated that the Conference will last about six weeks.

From informal conversation with officials of the Department of Transport, I understand it is proposed to have the Chief of Air Services, Commander Edwards, represent that Department on the Delegation. He would be accompanied by two radio experts. There seems to be no doubt that External Affairs should be represented on the Delegation. Dr. Skelton is of the opinion that his Assistant should be designated. The Canadian Broadcasting Corporation and National Defence are interested. It is assumed the question of the former being represented on the Delegation (and how, e.g. by a delegate or by a technical adviser) is one mainly for the Minister of Transport to decide. It is also assumed that National Defence may wish to designate a technical adviser.

Who is to head the Canadian Delegation is another question to be decided.

We should advise the Cuban Government as soon as possible.

544.

*Mémemorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

Ottawa, December 30, 1937

Sir,

I have the honour to submit the following report of the proceedings of the Inter-American Radio Conference held at Havana, Cuba, the sessions of which were concluded on the 13th December, 1937.

This conference was held pursuant to a resolution which was adopted at the final plenary session of the Regional Radio Conference held at Havana from the 15th to the 29th March 1937, and in which it was requested that the Government of the Republic of Cuba might kindly invite all the American nations to a formal Inter-American Conference to be inaugurated on the 1st November, 1937.

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<sup>1</sup>L. Beaudry, le chef de délégation, la Conférence interaméricaine sur la radio au secrétaire d'État aux Affaires extérieures.

L. Beaudry, Head of Delegation, Inter-American Radio Conference to Secretary of State for External Affairs.

The Government of Canada accepted the invitation issued by the Cuban Government. Seventeen countries of the American Continent sent representatives to the Conference . . . .

## I

The Canadian Delegation entered the negotiations of the conference with the clear vision of the major questions presented by the broadcasting problem in North America and of the importance of making every effort to find a solution thereto. Several weeks elapsed, however, before the North American Subcommittee on broadcasting was formed and grappled with the problem, the time of the conference being first absorbed by questions of general interest to the majority of countries participating therein. The South American Agreement of Buenos Aires, 1935, on radio communications, revised at Rio de Janeiro in June, 1937, was much in the mind of the South American nations represented at Havana, and many of its general articles were discussed by representatives of these nations with a view to enlarging them into forming the basis of an Inter-American Agreement. Furthermore, it was deemed essential for the Conference as a whole to get a true perspective of the position which might be taken by the countries to the South on the question of short waves for broadcasting before the North American problems could safely be tackled. When the ground was thus made clear, the countries to the North had a free hand to deal with their own case in the standard broadcast band. This point was finally reached when the conference accepted the principle of three regions,—North, Central and South—and defined these regions, with the understanding that the way should be made clear as soon as possible for the Northern group of nations to settle their broadcasting problems. Haiti and Santo Domingo were included in the Northern group, with Newfoundland.

Upon approaching their main issues the representatives of the North American countries had as a basis before them the Final Act signed at Havana, in March, 1937, between Canada, Cuba, Mexico and the United States, which represented, from an engineering point of view, a good deal of efficient preparatory work and facilitated an almost immediate discussion of the vital points relating to the allocation of specific frequencies to countries and to stations. Moreover, while the Final Act of March did not contain any reference to this vital point, part of the negotiations which had led to it had been devoted to the consideration of certain proposals in this regard. The position, therefore, was far from being nebulous, while each country was not definitely committed to any of the proposals in question.

As a matter of fact, when the case for the allocation of specific channels was opened, Canada substantially took the same position on which she had stood at the preliminary conference in March. Cuba, however, and Mexico, asked a little more than they had previously done. On examining the situation arising from these requirements, the sub-committee realized at once that the field of available channels in the band was not large enough to accommodate

these various demands. The engineering basis had to be modified, and modifications were proposed. On the basis of these modifications, engineers went to work to determine how the stated requirements of the countries concerned could be met. Disregarding boundary lines and assigning frequencies from the standpoint of sound engineering, they endeavoured to take full advantage of geographical separation of stations to use a frequency more than once when the distance between stations was great enough to preclude interferences. The main problem was to provide adequately for high power stations. A solution was found towards the close of the conference.

In the division of channels between countries, Canada gets fifteen high power channels, seven of which are for stations of unlimited power and on four of which the maximum power is fixed at 50 kilowatts. On the remaining four, Canada may, if desired, go up to 50 kilowatts, subject to the use of directive antennas and other precautions against interference with stations in other countries.

The high power channels available for Canada are 540, 690, 740, 860, 990, 1010, 1580. The channels for 50 kilowatt stations are 940, 1070, 1130, 1550. Class II stations can use 800, 900, 1060 and 1080, with maximum power of 50 kilowatts.

Canada also enjoys the right, subject to proper geographical separations, to use 41 regional and 6 local channels, reserved for this purpose in North America.

The fifteen high power channels referred to above are adequate to look after the present and prospective high power station requirements of the Canadian Broadcasting Corporation, and all the existing commercial stations using power of 5 kilowatts or more. The regional and local stations, of which Canada has 76, using power of 1 kilowatt or less will remain either on their existing channel or on other channels which will be provided for them. These channels will be used simultaneously by stations in Cuba, Mexico and the United States, but the stations assigned to any one channel will be so located geographically as to reduce interference to the "non-objectionable" level; this latter is defined in engineering terms in the agreement.

It may be useful in this Report to refer to certain parts of the North American Agreement (and its Appendices), of which a copy is attached hereto.

As regards the Agreement itself, the following points may be observed:

(1) The standard broadcast band of 550 to 1500 kilocycles is extended to 1600 kilocycles in North America.

(ii) All countries, parties to the agreement, are considered to have a sovereign right to the use of every channel in the standard band, subject to the limitation that until technical developments reach a stage permitting the elimination of interference between countries, an arrangement between them is necessary in order to minimize such interference.



(iii) Broadcasting channels are divided into three classes: clear, regional and local. The number of each class are respectively: clear, 59; regional, 41; local 6.

(iv) There are four classes of broadcasting stations:

(a) Class I stations, subdivided into Class IA stations with power of 50 kilowatts or more, and Class IB stations with power of not more than 50 kilowatts;

(b) Class II stations, which are secondary stations operating on clear channels and subject, under certain circumstances to such interference as may be received from Class I stations;

(c) Class III stations which operate on regional channels;

(d) Class IV stations which use local channels;

(v) A system of priority of use of clear channels by countries is set;

(vi) Regional and local channels may be used by all participating countries, subject to certain limitations as to power and interference;

(vii) Class I stations are only assigned to clear channels;

(viii) Class II stations may be assigned to clear channels on condition that objectional [*sic*] interference is not caused to Class I stations;

(ix) The important question of objectionable interference is dealt with according to a defined technique accepted by the participating countries;

(x) Provisions are made for the transmission between Governments, (a) after ratification, and (b) after the effective date of the Agreement, of complete lists of their broadcast stations in operation, of their new stations or of the changes made therein;

(xi) The Agreement is for a period of five years and will become effective one year from the date the Governments of Canada, Cuba, Mexico and the United States have ratified it. It is understood, however, that the Governments will cooperate to the end that, wherever possible, the provisions of the Agreement are carried out in advance of the effective date;

The new arrangement, when it goes into effect, will involve changes in frequency of several hundred stations in the United States and of stations in Canada, and this is one of the reasons why it is going to take a considerable time to place the plan into effect.

It is hoped, however, as a result of discussions, between the administrative officers of the departments of the different countries concerned, that at least some of the changes can be placed in effect at an early date, and particularly that arrangements will be arrived at to alleviate the present interference between high power stations in Canada and Mexico.

Seven Appendices to the Agreement, some of which are composed of several tables, make detailed technical provisions for the allocation of the various classes of channels to the participating countries and to the stations,

according to their classes, in these countries. Certain tables make provisions relating to special conditions affecting particular countries. Other tables relate to protected service contours and permissible interference [*sic*] signals for broadcast stations, adjacent channel interference mileage separation. . . .

The use of the frequency of 540 for a Class I A station in Saskatchewan has been provided for by a separate agreement between the Canadian Delegation and the United States Delegation, signed by myself and Commander T. A. M. Craven.

Notes have been exchanged between myself and Mr. Craven concerning the frequency of 690 kilocycles for Canadian Class I A station and the adjacent frequency of 700 for the United States high power station.

With regard to the use of the clear channel of 1010 kilocycles by a Canadian Class I A station in Alberta, and by a Class I B station in Cuba, special conditions have been established in Appendix I, Table VII.

As a Conclusion to this part of my report relating to the North American Agreement, it may be expedient to bear in mind the following facts:

(i) The plan on which the Agreement is based is a complete departure from the old conception of exclusive channels to countries such, for instance, as still exists in Europe. It was inspired, firstly, by practical necessities in North America, and secondly, by the resourcefulness and ability of radio engineers. Essentially creative and constructive, it is aiming at creating as little disturbance as possible in the enjoyment of existing favourable conditions in each country concerned and at building up at the same time a system whereby full use is made scientifically of every available frequency in the broadcast band. The old system of strictly exclusive channels, in view of the sovereign rights and requirements of the participating countries would have compelled countries, which have large vested interests on a number of radio channels, to give up some of the channels they need and to close a number of important stations, or would surely have led to deadlock at the conference and to chaotic conditions ultimately. Practical necessity means that the conferees, if they had looked at the problem from the angle of exclusive channels to countries, would have been faced with a field of available channels too narrow to accommodate all their requirements unless certain countries, of which the United States was the first, were prepared to make very heavy sacrifices, and that they had, by all means, to look at the problems from another angle, if that was possible, with a view to seeking enough room for the reasonable requirements of all concerned. The engineers who had met in March had explored the ground from a more scientific standpoint and had begun to see light. Their work was completed on the same basis in this North American Agreement. Each country has had to give in here and there, for the sake of cooperation and of the ultimate aim to be attained, but none believes it has had to make sacrifices detrimental to its essential requirements, inconsistent with its rights or outweighing the balance of advantages to be derived from the application of the newly recognized system.

(ii) Apart altogether from the respective measures of "give and take" on the part of the countries concerned, the plan which has been devised is a new venture in the field of broadcasting. Under the circumstances, it has been deemed worthwhile giving it a test as long as it gave promise of affording reasonable elbow room to each country concerned and of alleviating the present unsatisfactory position in North America.

(iii) The scientific devices which have been resorted to in the Agreement and which to the layman may appear rather cumbrous by comparison with the simple practice of exclusive channels to each country, render the situation tight for each country but safe if each, in regard to the others, applies the devices in the same spirit of cooperation in which they have been invented and established.

(iv) Envisaged in that light and in the light of the satisfaction which appears to be given to the requirements of the countries interested, the agreement may be considered a very important improvement of conditions which have existed for the last few years, and it may perhaps prove to be a milestone in the history of radio broadcasting in North America.

(v) I sincerely believe it may properly be looked upon in the same light from the point of view of Canada and regarded as a decisive betterment of the present position as far as she is concerned.

(vi) As previously mentioned, it will take some time before the plan can be put in operation because of the usual international procedure to be observed for ratification and of the respective constitutional practices for making an agreement of this nature effective. Every delegation manifested an earnest desire to do everything that could possibly be done, according to the constitutional methods in their respective countries, to facilitate the placing of the agreement into effect at the earliest possible date. It is earnestly hoped that this may assist ultimately in bringing the agreement to the point of complete operation relatively soon.

545.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires par intérim aux États-Unis*

*Secretary of State for External Affairs  
to Chargé d'Affaires ad interim in United States*

DESPATCH 629

Ottawa, December 8, 1938

Sir,

I have the honour to inform you that the Instruments of Ratification by Canada of the Inter-American Radiocommunications Convention and of the North American Radio Broadcasting Agreement and the notification of approval by Canada of the Inter-American Arrangement, concerning radio-communications, signed at Havana, Cuba, on the 13th December, 1937, are being forwarded today to the Government of Cuba.

I should be glad if you would advise the United States State Department informally of the action thus taken by Canada and avail yourself of this opportunity to enquire informally whether the United States authorities have any recent information on the attitude of the Mexican Government.

As you may be aware, it was reported in the press a few weeks ago that the Mexican Senate, in a secret session, had been unable to advise ratification by the Mexican Government of these Agreements. It was added, however, that this was not considered to be a final decision.

We should be glad also to learn whether the United States authorities are taking any steps to approach the Mexican authorities on this subject.

I have etc.

O. D. SKELTON for the . . .

546.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1549

Washington, December 13, 1938

Sir,

I have the honour to refer to your despatch No. 629 of December 8, 1938, and to the concluding paragraph of my despatch No. 1541 of December 10<sup>1</sup> regarding the ratification by Canada of the North America[n] Radio Broadcasting Agreement signed at Havana, Cuba, on December 13, 1937.

2. The State Department have now been advised informally of the ratification of this Agreement by Canada and as I pointed out to you in my despatch under reference they have asked that we should notify them formally of the Canadian ratification. I am awaiting your instructions before despatching a note to the State Department informing them of the Canadian ratification.

3. I am informed confidentially by the State Department that they are preparing instructions for the United States Embassy in Mexico regarding the delay in the ratification of this Agreement by the Mexican Government. They have assured us that if as a result of these instructions the United States Embassy address representations to the Mexican Government on this subject they will inform us of the nature of these representations. The State Department's anxiety to receive formal notice of the Canadian ratification of this Agreement results I think from their wish to include in these representations to the Mexican Government a reference to the fact that the Agreement has now been ratified by Canada as well as by the United States and Cuba. The State Department would, I gather, welcome Canadian support in approaching the Mexican Government on this subject. When I am more fully informed as

<sup>1</sup> Non reproduite/not printed.

to the nature of the action which the United States proposes to take I shall communicate further with you in case the Canadian Government should feel disposed to take similar action.

4. I may add that the State Department appear to be at a loss to understand the motives which have prevented the Mexican Government from proceeding to the ratification of this Agreement. I believe I am correct in saying that under the terms of the Agreement the Mexican Government could ratify by the exercise of administrative action once the Agreement has been ratified by the other three contracting parties. I presume therefore that the Mexican Government would not require the assent of the Mexican Senate before ratifying the Agreement.

I have etc.

W. A. RIDDELL

547.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 64

Ottawa, February 7, 1939

Sir,

With reference to your despatch No. 68 of the 17th January, 1939,<sup>1</sup> concerning the ratification by Mexico of the North American Radio Broadcasting Agreement of the 13th December, 1937, I have the honour to state that the information contained in your despatch was communicated to the Department of Transport.

With regard to paragraph 4 of your despatch stating that the minds of the State Department are beginning to turn towards a conference between Canada, Cuba and the United States for the purpose of reaching a new agreement, I may say that the Department of Transport views with grave concern any suggested action which would exclude Mexico from an agreement with respect to broadcasting. In the opinion of that Department, the intolerable situation which exists at present in Canada with regard to clear channels was a consequence of the exclusion of Mexico from earlier agreements and a repetition of such action would tend to further aggravate this situation. They feel that the collaboration of Mexico is essential in the solution of our clear channel problem and that this collaboration can be obtained only if Mexico is a party to the agreement. They believe, therefore, that any future action should take the form of further negotiations with Mexico in an effort to iron out any differences which may stand in the way of ratification by that country.

I have etc.

O. D. SKELTON for the . . .

<sup>1</sup> Non reproduite/not printed.

548.

*Le directeur, le Bureau interaméricain de la radio au secrétaire d'État  
aux Affaires extérieures*

*Director, Inter-American Radio Office to Secretary of State  
for External Affairs*

Havana, June 6, 1939

NORTH AMERICAN REGIONAL BROADCASTING AGREEMENT.  
PROPOSAL SUBMITTED BY MEXICO.

Sir,

I have the honor of sending you herewith enclosed, a copy of the note (and for your information, a translation thereof) from the Honorable Eduardo Hay, dated April 15th, 1939,<sup>1</sup> concerning the North American Regional Broadcasting Agreement, signed in Havana on the 13th of December, 1937 (document O.I.R./Regional N.A./1.)

The Minister of Foreign Affairs of Mexico thereby requests that a change of location of their High Power Radiobroadcasting Stations (as listed in the attached annex) be proposed to the signatory countries of the aforementioned Regional Convention, in order that, if no objections are raised by them, the approval of the Convention referred to, be suggested to the Senate of the Republic of Mexico.

I should greatly appreciate if you would kindly let me know the views of your Government in this respect. The Inter-American Radio Office will communicate such replies to the Mexican Government, as well as to the other governments interested.

I avail etc.

ARMANDO MENCIA

549.

*Le sous-secrétaire d'État aux Affaires extérieures  
au ministre des États-Unis*

*Under-Secretary of State for External Affairs  
to United States Minister*

Ottawa, July 4, 1939

CONFIDENTIAL

My dear Mr. Roper,

With reference to my letter of the 22nd June,<sup>1</sup> marked confidential, concerning the proposed departures from the North American Regional Broadcasting Agreement which was signed at Havana, December 13, 1937, as contained in a suggested administrative approval of that Agreement by the Government of Mexico, I may say that the Canadian Government have re-

<sup>1</sup> Non reproduites/not printed.

ceived from the Inter-American Radio Office, Havana, Cuba, the official document O.I.R. Regional N.A. /1, containing the Mexican proposal in question and have been requested to state their views thereon.

We should be glad to learn whether the United States authorities have reached a definite conclusion on this subject and, if so, what the nature of the reply which they propose to send to the Mexican proposal is.

We are deferring our official reply to the document referred to above from the Inter-American Radio Office until we may be in a position to know more definitely the conclusion reached by the United States authorities.

Yours sincerely,

O. D. SKELTON

550.

*Le chargé d'affaires par intérim des États-Unis au sous-secrétaire d'État  
aux Affaires extérieures*

*United States Chargé d'Affaires ad interim to Under-Secretary of State  
for External Affairs*

Ottawa, August 31, 1939

My dear Dr. Skelton,

With reference to correspondence between your Department and the Legation with regard to the North American Regional Broadcasting Agreement which was signed at Havana December 13, 1937, I wish to inform you that I am today in receipt of an instruction from the Department of State on this subject.

In this instruction I am asked to forward to the appropriate Canadian officials for their confidential information the substance of a report received from the Embassy at Mexico City. A copy of this report was transmitted to the Federal Communications Commission. When a reply is received from the Commission the Department of State will give further consideration to the nature of the instruction to be sent to the American Embassy at Mexico City. I am informed its views at this time will be made available to the Canadian authorities.

Sr. Don Emilio Azcarraga has informed the Embassy in Mexico City that the Mexican Association of Radio Broadcasting Stations is working toward having the Agreement ratified by the Mexican Senate when it meets in September, with certain reservations. Sr. Azcarraga is familiar with the fact that the Mexican Foreign Office has written to the Government of Cuba proposing changes of location for Mexican high powered stations, but he is working with Sr. Agustin Arroyo Ch., head of the DAPP, to force the Senate to pass the Agreement without taking the changes into consideration. The Association desires that a reservation be made in the agreement, or a "gentleman's agreement" be made with the United States to allow four Class A channels to be free of interference in the United States, and presumably Canada also, in return for a similar number of United States 1 A channels which will be kept clear in Mexico. This would mean that there would be no Class 2 or other stations on these frequencies in the United States.

The plan visualizes the complete acceptance of the Havana treaty as written, thus withdrawing the proposed change of station locations as forwarded to the Cuban Government for transmittal to the signatory powers. In the event that the Mexican Senate ratifies the Agreement, it will mean that the border stations are forced inland to the treaty-designated cities, or if they desire to remain on the border they will have to accept assignments as Class 1 B and Class 2 stations.

The Embassy is inclined to the opinion that such a move will mean the eventual solution of the border stations' problem, through economic and other reasons. American-owned border stations would have difficulty in operating in the inland cities of Mexico, since they would be under stricter supervision and their present practice of announcing in English would be curtailed, as well as closer supervision over their medical announcements.

Our office in Mexico City understands that an attempt will be made in the first few weeks of September to have the Agreement ratified but that it is not possible to foretell whether or not the Senators previously opposing ratification will succeed in blocking it. It is probable that no immediate action will be taken by the United States on the Mexican Government's proposal toward change of location of high powered stations until further information is available as to the probable outcome of the Senate's action in September.

In transmitting this information to the Canadian authorities concerned I should like to express the hope that you will continue to keep me advised of the actions of the Canadian Government with regard to the North American Regional Broadcasting Agreement.

Sincerely yours,

JOHN FARR SIMMONS

PARTIE 3/PART 3

DIVERS PAYS

INDIVIDUAL COUNTRIES

ALLEMAGNE<sup>1</sup>

a.

GERMANY<sup>1</sup>

551.

*Mémorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

January 4, 1936

DISCRIMINATION IN PAYMENT OF COUPONS  
OF GERMAN BONDS HELD IN CANADA

On October 4th, 1935, the German Consul General in New York announced that holders of dollar bonds of the German External Loan, 1924,

<sup>1</sup> Voir aussi les doc. 742-744, 751, 752 et chapitre VII.

See also docs. 742-744, 751, 752 and Chapter VII.

<sup>2</sup>H. F. Feaver à/to O. D. Skelton.



(Dawes Loan) and the German Government International 5½% Loan of 1930 (Young Loan) would be given the opportunity to sell, for United States currency, coupons maturing October 15th, 1935 (Dawes) at a rate of \$25.00 per \$35.00 face value, and coupons maturing December 1st, 1935, (Young) at \$20.00 for \$27.50 by application to J. P. Morgan and Company or to the American Offices of the German Steamship Companies.

Bondholders not availing themselves of this offer would be paid in Reichsmarks as formerly which, at prevailing rates of exchange, would be a far less favourable rate of return: approximately 3½% and 2½% upon the Dawes and Young bonds respectively, instead of 5% and 4% in cash.

In view of the fact that this proposal was limited to bonds physically located in the United States and that J. P. Morgan and Company had sold these bonds in Canada through Canadian investment houses, that firm requested that the German Government make these rates applicable to bonds domiciled in the Dominion. The Reichsbank replied that while the good reasons submitted for such action were appreciated, it was regrettably impossible to agree to the proposed extension of the offer in order to avoid any prejudice or discrimination against other countries.

This is a prima facie case of discrimination against Canada which cannot be justified by any reference to the trade position of Germany vis-a-vis the Dominion. Germany's fiscal policy towards foreign nations has, during recent years, depended upon the existence—or non-existence—of a favourable trade balance.

The serious nature of the exchange situation in Germany has necessitated rigid control and the adoption of drastic monetary measures including blocking the withdrawal or exchange of foreign balances, the issue of scrip and methods of reduction of interest requirements.

The position adopted in respect to foreign nations, has, necessarily, not been uniform. The fact that Germany enjoyed a favourable balance of trade with the Netherlands and Switzerland, forced payment in full to Swiss and Dutch creditors, as well as the granting of preferential tariff concessions until, in February 1934, in the face of threats of retaliation from the United Kingdom, United States and Sweden, Germany was forced to agree to place all creditors on an equal basis subsequent to June 30th.

The foreign exchange permit system, instituted in September, 1934, by the German Government, has been crippled by the "clearing" account agreements which she has been obliged to negotiate with the United Kingdom, France, Switzerland et al in order to prevent retaliatory steps which would detrimentally affect Germany's favourable trade balances with these countries. The Bank of England has been able to protect British exporters to Germany as well as British holders of German external bonds by regulating the transfer of credit to Germany.

During previous years, Canada has not been in a position to demand such a "clearing" agreement inasmuch as the Dominion has constantly enjoyed a heavy favourable trade balance. In 1934, however, according to Canadian

statistics, our imports from Germany (\$10,279,000) substantially exceeded our exports (\$6,172,000). The German official statistics unfortunately are at wide variance, Canadian imports from Germany being placed at \$8,463,000 while exports thither are declared to be \$24,492,000.

However, for the year 1935 the direction of the flow of trade is not in dispute. In a memorandum of September 16, 1935, prepared by the German Consul General for Canada, the following figures for the first six months of the current year are submitted:

<i>Exports to Canada</i>	<i>Imports from Canada</i>
8,935,000 R.M.	6,476,000 R.M.

The trade balance between the United States and Germany is normally heavily in favour of the former. United States statistics for 1934 show:

<i>Exports to Germany</i>	<i>Imports from Germany</i>
372,700,000 R.M.	157,800,000 R.M.

The United States also possesses large frozen credits in Germany which, added to the trade balance, renders impossible the negotiation of a clearing agreement.

The obvious conclusion, therefore, appears to be that the failure to grant to bonds domiciled in Canada the offer applicable to those held in the United States is a measure of absolute discrimination unjustified by any reference to general governmental policy of Germany or to trade statistics. If the United States, with a favourable balance of trade, is given a favoured creditor position, a fortiori, Canada with an adverse balance, is entitled to similar treatment.

It seems imperative, for the protection of Canadian interests, to approach the Consul General with an informal request for a removal of the discriminatory application of the offer in respect to these coupon payments. Indication of the fact that Canada is now in a position to force a "clearing" agreement or the suggestion that the Government was deliberating the advisability of regulating credit or currency movements to Germany would probably suffice to produce the desired results. At the same time, it might be advisable to canvass methods of securing payment for Canadian creditors in private commercial transactions.

Conversations with Messrs Wilgress and Masters indicate that the Department of Trade and Commerce does not feel that the Dominion's trade relations with Germany will be placed in jeopardy by any steps taken to secure more favourable treatment of Canadian holders of German bonds or other creditors, inasmuch as it appears that the recapture of any material proportion of our former volume of trade with that nation is a practical impossibility. Informal inquiry, through the Bank of Canada, revealed that neither investment houses and banks in Canada nor J.P. Morgan and Company possess any reliable information relative to the amount of Dawes and Young loans held in the Dominion.

552.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

March 18, 1936

## TRADE RELATIONS WITH GERMANY

The Consul-General of Germany in Montreal, Mr. Kempff, called today, and among other things, discussed the question of trade relations with Germany. He stated he had had some conversation with the Minister of Trade and Commerce on the subject this morning.

Prefacing his remarks by a statement that the previous suggestions which had been made by Germany would require to be modified in view of the deterioration in the exchange situation, and because of the fact that Canada had now granted the United States not only the Intermediate but rates below the Intermediate, he said that he was instructed by his Government to state that they would be prepared to enter into trade negotiations with Canada on the basis set forth in the enclosed memorandum. If the Canadian Government were prepared to negotiate, he would arrange to have a number of experts sent from Germany to assist in the discussion.

I asked Mr. Kempff whether the statement that Germany would be prepared to purchase Canadian goods to the same value to which Germany is enabled to sell her goods in Canada, implied a continuation of barter arrangements. He said he did not think this would necessarily be the case. When questioned as to the provision with regard to computing value for duty purposes to which exception was taken, he stated that he had no definite information. The memorandum contained the substance of a telegram which he had received, and he had no further details.

I asked if these suggestions were meant as a reply to our specific suggestions for increased quotas of certain commodities. He said "No", they were meant to deal with the general situation.

I informed him that I would bring the matter to the attention of the Government.

[PIÈCE JOINTE/ENCLOSURE]

*Memorandum*<sup>2</sup>*Mémemorandum*<sup>2</sup>

[Montreal, n.d., 1936]

I. Germany would be prepared to purchase Canadian goods to the same value to which Germany is enabled to sell their goods in Canada. Payment would be effected in foreign exchange. In order to increase German exportation and enable Germany by this to buy more Canadian goods, Canada should grant Germany most-favoured-nation treatment, and change their provisions with regard to computing value for duty purposes which are seriously

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

<sup>2</sup> Du consulat général d'Allemagne/by German Consulate General.

hampering German exports to Canada. When in this way the basis for increasing the mutual exchange of goods is created, Germany will resume the purchase of Canadian wheat to a considerable extent and increase their purchases of Canadian lumber considerably.

II. It is suggested to include the question of the surplus of the proceeds of the sale of German property in the negotiations. Germany would be prepared to accept the surplus in wheat or other Canadian goods which are of importance for Germany.

553.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 135

London, April 9, 1936

Following is summary of letter received from Dominions Office, Begins:

Germans have recently announced new arrangement regarding American holdings of Dawes and Young bonds under which they have agreed to provide something less than 100 per cent interest in foreign exchange. The arrangement is in terms of restricted bonds "domiciled in the United States on October 1st, 1935". This arrangement and Anglo-German Transfer Agreement of July, 1934, means that Canadian holders of dollar bonds are not covered and question arises whether steps should not be taken to have American arrangement extended to cover Canadian holders of dollar bonds. Information was received from Royal Trust Company that Canadian holdings of such bonds are so small that appropriate bondholders association in Canada did not consider it necessary to invoke assistance, but it has since been reported that certain banking interests in Canada have taken up with His Majesty's Government in Canada question of something being done for Canadian holders of these loans. Pending information as to views of Canadian Government authorities here are not proposing to make any representations to German authorities in the matter. Ends.

554.

*Le consulat général d'Allemagne au secrétaire d'État  
aux Affaires extérieures*

*German Consulate General to Secretary of State  
for External Affairs*

Montreal, May 26, 1936

MEMORANDUM

In the Memorandum of September 16th, 1935 there appears the following passage:

Under Section 55 of the Customs Act the rate of the German Reichsmark is ordered and proclaimed to be around 0.4049 instead of 0.2382. This means that

the value for duty of any merchandise, the actual market value of which has been, before and after depreciation of the Canadian currency, 500 Reichsmarks, is raised from \$119.10 to \$202.45. The duty, therefore, is computed on a value about 70% higher than before the depreciation of the Canadian currency.

At that time it was stated orally that the anomaly lies in the fact that Germany is penalized for something which has been done by Canada. In July 1931 Germany and Canada were on the gold standard. In the fall of 1931 Canada effected a change, whilst Germany remained on the previous standard. This change is an act of Canada, for which not Germany is responsible, but Canada. It is, therefore, unfair and unjust to penalize Germany for an act which has not been committed by Germany, but by Canada.

As a matter of fact, German home market prices are gold mark prices. Dollar prices obtainable in Canada for German goods are, in spite of the depreciated value of the Canadian dollar, the same, and not higher than the dollar prices before the depreciation. German competition against third countries in the Canadian market and, consequently, an increase in the mutual exchange of commodities between the two countries, is only possible if the Canadian provision under which the German home market value has to be the basis for computing the value for duty, is alleviated in its effect. The rate of exchange for computing the value for duty should, therefore, be the gold rate or a rate approximating the gold rate. This principle should apply also to the provisions regarding dumping duty.

The Canadian customs provisions date from a time when nobody could foresee the development of foreign exchanges. The intention of the legislation was to protect the Canadian industry and not to discriminate against other countries. It was not the intention that the dumping duty should increase the rate of protection provided for in the Customs Tariff. The dumping duty was to meet such measures as tended to decrease, or render ineffective, the regular tariff rate in individual instances.

The method of computing the value for duty which is desired by Germany is, therefore, in accordance with the original intention of the Canadian Parliament.

555.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général d'Allemagne*

*Under-Secretary of State for External Affairs  
to German Consul General*

Ottawa, June 1, 1936

Dear Mr. Kempff,

I have the honour to refer to my letter to you, dated the 30th December, 1936 [sic], concerning the redemption of the June 1935 coupons of the

Young Loan and to the other correspondence concerning the German Government's External Loans, particularly the Young Loan and Dawes Loan (so called).

The Canadian Government had been hoping that this matter would have been dealt with in time to enable advice to be sent to the Canadian holders to assist them in dealing with their coupons which fall due in this month.

I assume, of course, that your Government will make the provisions for the Canadian holders of these securities retroactive. I hesitate, however, to make any definite communication until I hear from you. I should be very grateful to you if you would let me know what action your Government is taking in this matter.

I have etc.

O. D. SKELTON

556.

*Le secrétaire d'État aux Affaires extérieures  
au consul général d'Allemagne*  
*Secretary of State for External Affairs  
to German Consul General*

Ottawa, June 17, 1936

Sir,

I have the honour to refer to the memoranda which you left with me on March 18th and May 26th setting forth proposals for an agreement on trade and tariff matters and to inform you that the representations contained therein have been given careful attention by the competent Departments of the Canadian Government.

Before taking up the specific points raised in your memoranda it is necessary to call attention to the serious difficulties which the action of your Government has placed on the maintenance of our trade with Germany. These difficulties were touched upon very briefly in my letter of February 14th<sup>1</sup> requesting, as a matter of special urgency, some amelioration in the treatment of pickled salmon and a few other Canadian commodities which were being in effect excluded from the German market by the drastic import regulations imposed by your Government. No reply has been received to the representations then put forward and it now becomes necessary to review the situation in detail and to indicate the points on which it has become necessary to ask for an adjustment.

Your memorandum, dealing only with proposals for future arrangements, takes no account of the existing difficulties in the trade relations between Canada and Germany. These difficulties, however, are, and have been for many months past, of a serious character.

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<sup>1</sup> Non reproduite/not printed.

The first has reference to the difficulty experienced by the Department of National Revenue in carrying out its obligations under the Canadian Customs Act and the Customs Tariff in relation both to value for duty and to the operation of the anti-dumping clause. While Germany is nominally on a gold basis the Reichsmark, with a value of 23.85 cents and a current value in Canadian currency of 40.33 cents, is, in effect, depreciated in various degrees in order to assist German export trade. The degree of depreciation varies according to the commodities involved and is not constant. Moreover, it is not made public. It would seem, also, though specific examples are difficult to obtain, that in exchanges on a barter basis, German goods may be imported at prices 20 to 25% less than if the importer paid for the goods in the regularly quoted exchange rate for German currency.

In addition, Germany has established a direct export bounty ranging from 20% to 30%, financed from a levy of 3% on the business turnover of the German industry. The amount of this bounty and its allocation between firms and commodities does not, however, appear to have been made public.

Governments of other countries confronted with these conditions have had recourse to clearing agreements or to a system of import restriction by quotas. More recently I notice that the Government of the United States of America has adopted the device of increasing tariff rates on specific German products. The Canadian Government has thus far refrained from taking any action until it has had an opportunity of bringing these matters to your attention and pointing out that in the absence of more complete information on the export bonus provided by these direct and indirect systems the Department of National Revenue, to protect the revenue and maintain safeguards against dumping, will have no alternative but to apply section 38, paragraph 1, of the Customs Act, which provides for appraisal of goods in cases where doubt exists in respect to invoice values. It is not proposed, however, to take any action on the matter pending further discussions with your Government.

Our second difficulty relates to the export side of the problem. Since the drastic restriction placed upon Canadian exports by your Government in the third quarter of 1934, Canadian exports to Germany have been very severely curtailed as is clear from the following table compiled not from Canadian but from German statistics.

<i>Year</i>	<i>Imports from Canada</i>	<i>Exports to Canada</i>
1934 1st quarter	\$ 8,600,000	\$ 1,600,000
2nd "	8,200,000	2,280,000
3rd "	6,400,000	2,320,000
4th "	1,920,000	2,880,000
1935 1st "	1,320,000	1,360,000
2nd "	1,240,000	2,200,000
3rd "	1,280,000	2,560,000
4th "	1,130,000	3,030,000

That this drastic decline in imports from Canada in the last eighteen months has not been part of a further general contraction of German foreign purchases is clearly shown in the following analysis of imports into Germany, by quarters, in 1934 and 1935:

	<i>Total German Imports</i>	<i>Imports from Canada</i>	<i>Per cent from Canada of Total</i>
1st quarter, 1934 .....	1147.4	21.5	1.9
2nd " " .....	1152.8	20.4	1.7
3rd " " .....	1056.7	15.9	1.4
4th " " .....	1094.0	4.7	.36
1st " 1935 .....	1114.3	3.3	.26
2nd " " .....	1010.0	3.1	.29
3rd " " .....	966.0	3.1	.32
4th " " .....	1068.4	2.8	.26

The causes of this drastic decline in our exports to Germany, it is clear, are to be found, not in any changes arising in the natural course of trade but in the drastic restrictions which the German Government has placed upon imports from Canada. Moreover, these restrictions have been imposed without regard to the normal character of Canadian export trade with Germany. In consequence, the effects have fallen with great severity upon those commercial interests in Canada that might well be regarded as being most entitled to consideration in the German market and in German policy. Wheat, a vital factor in the economy of Canada and regularly the major article of import into Germany from Canada, comprised 70 per cent of the total German imports from Canada in 1933, 60 per cent in 1934 and but 7 per cent in 1935. The trade in wheat, which from the Canadian standpoint constitutes the basis of Canadian-German commerce, has been reduced almost to extinction. In respect of certain other products, a well-established export to Germany had resulted in the German market becoming one of peculiar and essential importance to Canadian producers. Included in the list of such products are mild-cured salmon, frozen eels, fish meal, dried apples, sausage casings and chemical pulp. Trade in these products is now subject to almost prohibitive conditions. The more recent trade returns indicate that the imports from Canada into Germany are now being confined mainly to metals and other mineral products. The imports of minerals also have been severely reduced, but they represented 60 per cent of the total German imports from Canada in 1935 as contrasted with 31 per cent in 1934 and only 22 per cent in 1933. Apart from the sheer loss of trade involved, it is of the utmost concern to Canada that the restriction of imports into Germany should have been exercised in a selective manner that reacts chiefly and most seriously upon the Canadian producers to whom the German market had been of the greatest value and advantage.

In addition to these difficulties in the maintenance of our trade with Germany, a further difficulty arises from the action of your Government in discriminating against Canadian holders of German bonds forming part of the



Dawes and Young loans. Notwithstanding that interest payments have been maintained in full on the British, Dutch, Swedish, Swiss and other holdings of these loans and that special arrangements have been made for holders of coupons domiciled in the United States of America, Canadian holders are paid, if at all, only in blocked Reichsmarks, which can be converted into Canadian funds only at great depreciation, often amounting to about one-half of their value. Though the position of Canadian holders of German bonds was brought to your attention on December 30th, 1935, no reply has yet been received from your Government and the discrimination against Canadian holders has not yet been removed.

The Canadian Government is sincerely desirous of expanding and developing trade between the two countries and for this reason would be reluctant to denounce the existing tariff arrangement with Germany which is terminable on six months' notice thereby placing German goods under the General Tariff so long as there is a prospect of arriving, by friendly negotiations, at a fair and equitable settlement of our commercial difficulties. They have, therefore, given careful consideration to the proposals which you have put forward.

Certain of these proposals would, we consider, not be practicable. It is not clear, for example, how the question of the proceeds of the sale of German property in Canada could properly be tied up with trade negotiations. Nor would it be practicable to proclaim the Reichsmark for duty purposes and for dumping duty at a rate far below its exchange value in the markets of the world. The principle incorporated in Section 55 of the Customs Act is not one that has been recently adopted. On the contrary it was enacted many years before the present disequilibrium which began in 1931. In the present period of exceptional instability it does not appear that any change in that principle could be justified. It may be pointed out, also, that it applies equally to all countries the currencies of which are appreciated in terms of the Canadian dollar. The Reichsmark in such circumstances could not be singled out for separate treatment.

Your basic proposal that Germany would purchase Canadian goods to the same value to which Germany is enabled to sell its goods in Canada and that payment would be effected in Canadian money would appear to afford a useful basis for trade negotiations. It would be necessary, of course, to provide that German purchases should not be restricted to one or a few Canadian commodities but should be spread equitably over a wide range of Canadian products. It would seem necessary also, in view of the disparity of Canadian and German trade statistics, to settle in advance the statistical methods of measuring trade. It would appear necessary, also, to provide that the arrangement might be reviewed at the end of each six months or perhaps on a yearly basis. These questions would, of course, have to be discussed in some detail before they could be incorporated in a formal agreement. In this connection I may say that it is contemplated the Minister of Trade and Commerce, the

Honourable W.D. Euler, accompanied by the Director of the Commercial Intelligence Service, will visit Europe in the coming summer. They would be prepared, should your Government so desire, to proceed to Berlin to discuss the subject in detail with the competent German authorities. It would be appreciated if you could let me know, in due course, whether your Government would be prepared to proceed with such discussion.

I may add that if an agreement were found feasible the Canadian Government, in accordance with your request, would be prepared to extend to German goods on importation into Canada the benefit of the lowest tariff rates accorded to any other foreign country.

I have etc.

W.L. MACKENZIE KING

557.

*Le consul général d'Allemagne au secrétaire d'État  
aux Affaires extérieures*  
*German Consul General to Secretary of State  
for External Affairs*

Montreal, June 18, 1936

Sir,

I have the honour to acknowledge receipt of your letter of June 17th, and to say that I have transmitted it to my government.

I am in a position to assure you that the visit of the Canadian Minister of Trade and Commerce, the Honourable W. D. Euler, accompanied by the Director of the Commercial Intelligence Service, will be highly welcomed by my government. My government is desirous to know the approximate time when Mr. Euler may be expected.

I have etc.

L. KEMPF

558.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au conseiller [SDN]*  
*Acting Secretary of State for External Affairs  
to Advisory Officer [L. of N.]*

TELEGRAM

Ottawa, October 3, 1936

IMMEDIATE. PRIVATE. Following from Mr. Euler for Prime Minister, Begins: Terms of Agreement satisfactory to Council arranged with German representative. Desirable to sign by Wednesday if you acquiesce. Ends.

559.

*Le conseiller [SDN] au secrétaire d'État par intérim  
aux Affaires extérieures*

*Advisory Officer [L. of N.] to Acting Secretary of State  
for External Affairs*

TELEGRAM

Geneva, October 4, 1936

PRIORITY. URGENT. Following message from Prime Minister of Canada for Lapointe, Begins: Dandurand, Rogers and I are prepared to acquiesce Council decision regarding German Agreement. If time permits before signature would appreciate, however, being advised briefly of its essential features. Ends.

560.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

October 6, 1936

## TRADE NEGOTIATIONS WITH GERMANY

1. The discussions now taking place with Dr. Hemmen of the German Foreign Office are a direct continuation of the conversations initiated by the Minister of Trade and Commerce on his visit to Berlin toward the end of July. Those conversations reviewed the whole range of Canadian-German commercial and financial relations. It was then decided to proceed simultaneously with the negotiation of a provisional trade agreement to be based on the exchange of most-favoured-nation treatment in tariff matters and of a payments agreement which would assure the bilateral balancing of Canadian-German trade. The German Government desired, in addition to most-favoured-nation treatment, assurances (1) that the mark would be valued for customs purposes at "the gold rate or at a rate approximating the gold rate", i.e., at 24 or 26 cents instead of at 40 cents as at present; (2) that dumping duty would not be levied on subsidized German exports. At the same time, they offered to pay four per cent, in Canadian funds, on Dawes and Young Bonds domiciled in Canada. The question of the return to Germany of the proceeds of the property of German nationals seized during the war was raised by the German Government but was not proceeded with very seriously. The present status of these several questions is summarized briefly hereunder.

*2. Trade Agreement*

This discussion of the Provisional Trade Agreement has been based on the English translation of the draft prepared by the German Foreign Office just before the close of the discussions in Berlin. There is no difference of opinion about its substance—the exchange of most-favoured-nation treatment; there have been some drafting difficulties in getting an agreed English text in con-

<sup>1</sup> De/by N. A. Robertson.

formity with the wording of the most-favoured-nation obligations under which Canada stands towards other countries, but they have been overcome.

More awkward is the task of putting Articles I and IV of the German draft into acceptable and intelligible form. The trouble is not simply a matter of translation though this presents difficulties. The German text, literally translated, reads:

The Canadian Government will pay reasonable regard to German interests in importing German goods.

On the face of it, this means next to nothing. From our point of view it does not add anything to the grant of unconditional most-favoured-nation treatment in another Article. But the Germans are attached to this Article—it is a standard clause in their commercial agreements covering any understandings which they do not wish to publish, e.g., in the present case—the payments agreement and the letters they wish to receive about dumping duty and the valuation of the mark. We have tried to get them either to drop these Articles, on the ground that their vagueness makes them valueless, or to agree to a plain statement of what the two Governments agree to do, e.g., give sympathetic consideration to representations the other may make regarding customs questions, the allocation and administration of quotas or the allocation of foreign exchange. So far we have not been able to agree on a text for it seemed to us undesirable to include provisions, in an Agreement with Germany, which have no parallel in any of our Agreements with other countries and which would, by their suspicious emptiness, invite attack in Parliament and in the country.

This is the principal difficulty outstanding as regards the text of the Trade Agreement. The formal articles and the provisions for its termination by either party, if dissatisfied with the way it works out, will require some further consideration as regards language, but are otherwise acceptable.

### 3. *Payments Agreement*

The Payments Agreement is what we get in exchange for the Trade Agreement, for the latter, though couched in carefully reciprocal terms, is of no value to Canada: in itself it provides simply for a continuation of the present tariff treatment enjoyed by Canadian goods. From our point of view, the two instruments must be considered as a single Agreement, in which we grant Germany the lower rates of duty previously accorded in the treaties with France, the United States and Poland, in return for an undertaking from Germany to spend the proceeds of her exports to Canada on the purchase of Canadian goods. Dr. Hemmen was reluctant to have the Payments Agreement made public but it was explained to him that the two Agreements would have to be tabled together and treated, in Canada at least, as together forming the real Agreement.

The principles of the Payments Agreement are first, that all Canadian exchange arising from the sale of German goods in Canada will be earmarked for the purchase of Canadian goods, second, that specified proportions of

that exchange, aggregating 61.2 p.c. of the total, will be available for the purchase of the Canadian products enumerated in a schedule to the Agreement. Germany agrees, as regards certain of these products, to provide the specified percentage of total available exchange irrespective of any increase in the volume of trade that may eventuate; as regards other products the assurance of a fixed percentage of total exchange is subject to a prescribed upper limit, e.g., 0.2 p.c. but not more than 50,000 reichsmarks (or \$20,000) per annum will be available for the purchase of cheese from Canada. The unallocated portion of the available exchange, 38.8 p.c., may be spent at the discretion of the German Government on whatever Canadian products it chooses to buy. The principal merit of the Payments Agreement is that it will make exchange available once more for the purchase of a number of secondary exports largely dependent on the German market, which Germany has refused to allow her importers to buy on the ground that they were inessential articles, the demand for which could not be filled until national requirements of essential raw materials had been met from her scanty supply of free exchange.

35 p.c. of available exchange is reserved for the purchase of wheat, 8 p.c. for asbestos, 5 p.c. for fresh apples and 2.5 p.c. for salted salmon. As regards wheat, the purchases Germany agrees to make under this Agreement may or may not represent a net addition to Canadian total exports. Although it is probably not practicable to secure an undertaking that German purchases, under the Agreement, will not be re-exported, the possibility of re-export direct or indirect, e.g. as flour, should be taken into consideration in measuring the value of the Agreement and its net effect on our foreign trade.

#### 4. *Customs Questions*

On balance, and in the present unsettled circumstances, the Payments Agreement by itself might be considered a reasonably fair quid pro quo for most-favoured-nation treatment, although it might be pointed out that for rather less than most-favoured-nation treatment and without any concession in the value of the franc, which was as heavily appreciated as the mark, France has given us the benefit of a great many tariff reductions, of numerous and fairly considerable quotas, and guaranteed the maintenance of the marketing opportunities enjoyed by Canadian wheat. In these circumstances, the German insistence on (1) the fixing of the value of the mark at or about its nominal gold parity and (2) on immunity from dumping duty, does not appear to be a reasonable request or one that the Government should entertain seriously.

Some of the difficulties of fixing the value of the mark for customs purposes at less than the current rate of exchange are examined in a separate memorandum<sup>1</sup> and need not be referred to here.

The position as regards dumping duty is as follows: the bulk of recent imports from Germany have been purchased with aski or blocked marks or

<sup>1</sup> Non reproduit/not printed.

result from barter arrangements, so that dumping duty has not applied. Other German exports are admittedly subsidized by the Government but the extent of subsidy is a state secret which exporters are not allowed to reveal. It has been increasingly difficult and recently impossible for our value investigators to examine German costs of production and ascertain the export subsidies paid. In these circumstances, the Germans are not complaining about our special duties. Trouble is, however, anticipated in the future for the Payments Agreement specifies that payment for imports from Germany will be made in Canadian exchange and that the German Government will not allow any other form of payment for their exports to Canada, i.e., the use of barter, blocked marks, etc. will be prohibited. This change in the media of payment will make it very difficult to give any undertaking that dumping duty will not be levied on German imports. For the German Government contemplate assisting any exporters that need them with direct bounties which will, if known, make dumping duty applicable. Dr. Hemmen has offered in return for immunity from dumping duty, to guarantee that his Government will take steps to limit or stop any export dumping of which the Canadian Government complains. In making this proposal, he probably has in mind the provision of Article 9 of the 1931 Agreement with Australia, which is at present the only exception to the otherwise automatic and mandatory character of our anti-dumping regulations.

### *5. Conclusion*

Germany is being offered a substantial improvement on her present position in the Canadian market, more liberal tariff treatment than she has ever enjoyed before, in return we are asking for a partial mitigation of the discriminatory restrictions which have, over the past two years, reduced imports of Canadian goods (German Statistics) from \$24,000,000 in 1934 to \$5,000,000 in 1935. We are prepared to accept a 1-1 bilateral balancing of trade which under fairly free conditions tended to be at least 2-1 in our favour.

It is true that the proposed arrangement will not end Germany's export difficulties. The mark is over-valued, more than were the franc or the guilder because France and Holland recognized the price they would have to pay to stay on gold and endeavoured to cut their costs of production accordingly. Germany has managed, with considerable success, to make the best of both worlds—she has kept up the exchange value of the mark and at the same time enjoyed a measure of internal inflation—thus increasing the disparity between German and world prices and the difficulty of selling German exports abroad. This gulf she has bridged by using the various types of compensation mark, by enormous export bounties and by wholesale default. These devices have been skilfully used to maintain German exports while imports deemed inessential were drastically cut down. The resulting position is not satisfactory to Germany nor to any of the countries anxious to do business with her. Its remedy, is, however, in Germany's hands. She can restore the equilibrium value of the mark by a measure of devaluation and probably

will do so fairly soon despite Dr. Schacht's statements that this will never happen. In view of the remarkable progress towards currency stabilization at new levels achieved during the past ten days the Canadian Government would be justified in waiting for two or three months, if need be, to see if changing circumstances do not remove the disabilities which now handicap German exporters to this country.

These considerations argue against any major modification of the offer made in Berlin. If Germany refuses to negotiate a settlement on these lines, it is always possible to point out that the existing arrangement, whereby she is granted the substantial benefits of the Intermediate Tariff in return for a not very valuable assurance of most-favoured-nation treatment, can be terminated on six weeks' notice.

561.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

October 13, 1936

NOTE ON DEROGATIONS FROM MOST-FAVOURED-NATION TREATMENT IN  
PROVISIONAL TRADE AGREEMENT WITH GERMANY

1. The original draft prepared in Berlin provided for the exchange of most-favoured-foreign-nation treatment. We proposed the insertion of a special reservation of Imperial Preferences in line with recent commercial treaty practice, cf., Article 17 of Canada-Poland Convention of Commerce. Dr. Hemmen said that if Imperial preferences were to be explicitly excluded his Government would insist on some sort of "Stresa Clause". We said we could meet him by including a clause similar to Article 5 (c) of the Canada-France Trade Agreement of 1933.

To particular arrangements concluded or to be concluded in conformity with the resolutions of the International Conference of Stresa.

After consultation with his Government, Dr. Hemmen proposed the following draft clauses:

(c) Privileges, which are now accorded, or which may hereafter be accorded by Canada exclusively to other countries or territories of the British Empire.

(d) Special privileges which the German Government in future agreements may hereafter accord in Germany to South-East-European countries in view of the varied character of their natural and manufactured products.

We were unwilling to introduce into the Provisional Trade Agreement yet a fourth variant of the Preference Reservation Clause and refused to approve the German draft. We were prepared to use the language of Article 13 of the

<sup>1</sup> De/by N. A. Robertson.

Canada-United States Trade Agreement and Dr. Hemmen was prepared to accept this language provided that we accepted his "Stresa Clause." It, however, seemed quite impracticable for it went far beyond the scope of the original Stresa derogation and simply excluded any concessions which they might give to any countries of Southern Europe from the range of the Agreement.

In the circumstances we agreed that, as it was just a Provisional Agreement, it would be better to omit these contentious reservations and revert to the original draft which provided for the exchange of most-favoured-foreign-nation treatment subject to the standard exceptions of Customs Unions and Frontier arrangements.

2. The German Government contend that the application of dumping duty is incompatible with most-favoured-nation provisions and reserve their right to denounce the entire agreement on six weeks' notice if any German goods are subjected to special or dump duty.

562.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 316

Ottawa, October 16, 1936

CONFIDENTIAL. Following for Prime Minister: Begins: *Part I* Arrangements negotiated with Germany and awaiting signature on Tuesday October 20 are as follows:

(1) Provisional Trade Agreement providing for exchange of unconditional most-favoured-nation treatment subject to "Stresa Reservation" as in 1933 Agreement with France and to reservation of Imperial Preferences as in United States Agreement. Agreement requires ratification but exchange of notes will make it effective in substance from November 15, 1936. Agreement is for one year and two months' notice of termination thereafter. Wide "escape clause" gives either party virtual right to terminate Agreement on ten weeks' notice.

(2) Payments Agreement in which Germany undertakes to spend all proceeds of German sales to Canada on purchase of Canadian goods. It provides for allocation of 63.1 per cent of Canadian exchange resulting from German exports for purchase of enumerated commodities of which wheat 35 per cent, asbestos 8 per cent, fresh apples 5 per cent, frozen salmon 2.5 per cent, are more important. Balance of allocated exchange reserved for number of small commodities, especially dependent on German market. Un-



allocated balance of 36.9 per cent would be available for purchase of commodities not mentioned in Agreement such as nickel, copper, etc., or for purchase of additional quantities of enumerated commodities. On some of enumerated commodities Germany would spend agreed percentage of total Canadian exchange available: on others it is agreed that German purchases need not exceed specified maximum values, irrespective of possible increase in total value of trade between two countries.

Payments Agreement will come into force for one year from November 15, 1936 and will in any event lapse automatically with termination of Provisional Trade Agreement. As its obligations are in effect all upon Germany, it does not need ratification.

(3) Notes to be exchanged at time of signature provide: (a) for provisional entry into force of Trade Agreement; (b) for interest service in Canadian funds at 4 per cent, but not less than is paid United States holders, on Dawes and Young Bonds of American tranche in bona fide possession of Canadian holders on October 1, 1935. We are insisting that present position of bond holders who do not wish to take advantage of this offer should be reserved and this point has been referred back to Berlin for an answer by Monday; (c) for amendment of Customs Act enabling Governor-in-Council to fix value for duty of appreciated currencies quoted in Part II.

(4) Other notes not requiring acknowledgment reserve, from most-favoured-nation clause, preferences accorded B and C Mandates, and reserve German right, based on their interpretation of most-favoured-nation treatment, to use "Escape clause" of Trade Agreement if German goods are subjected to dumping duty.

(5) Signature was to have taken place today but German representative had to consult his Government regarding insertion of desired safeguarding clause in 3(b) and will also require its approval of his receiving note respecting preferences for Mandates and of modifications we required in his note regarding dumping duties. If these points are cleared up, signature is expected to take place Tuesday.

*Part II*—Following is text of note regarding customs question which it is proposed to give German Representative at time of signature of Agreements. Begins: With regard to the provisional Trade Agreement between Canada and Germany, signed this day, I have the honour to inform you that it is the intention of the Government of Canada to invite Parliament early next session to pass the legislation necessary to give the Governor in Council authority to fix the rate of exchange for any currency in computing the value for duty of goods imported into Canada from any place or country, the currency of which is appreciated in terms of the Canadian dollar.

The Canadian Government will after the legislation becomes effective give prompt consideration to representations of the German Government as to what the rate of exchange of the Reichsmark for computing values of goods

for duty purposes should be in the light of international exchange conditions prevailing from time to time, and having regard to the necessity of reducing to a minimum advances in the Canadian duty due to excessive valuation of the Reichsmark for duty purposes.

The Canadian Government understands that the German Government will give consideration to any representations by the Canadian Government with respect to complaints that the German export bounty is being used to export goods to Canada on terms which injuriously and unfairly affect the interests of Canadian producers or manufacturers and will take measures to remedy such conditions when they are shown to exist. Ends.

563.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État par intérim  
aux Affaires extérieures*

*High Commissioner in Britain to Acting Secretary of State  
for External Affairs*

TELEGRAM

London, October 18, 1936

IMMEDIATE. CONFIDENTIAL. Following from Prime Minister, Begins: Your telegram No. 316, October 16th. I am pleased to receive full details of proposed Agreement, which seems as satisfactory as could be arranged under existing conditions. With regard to Payments Agreement in paragraph 3 (b), I assume that all possible consideration has been given also to position of Canadian holders of private and ecclesiastical German securities on which payments have been made difficult by exchange regulations. With regard to paragraph 4, I understand that we are not recognising German contention that dumping duties constitute violation of most favoured nation clause. Ends.

564.

*Le conseiller d'ambassade, l'office des Affaires étrangères d'Allemagne  
au ministre du Commerce*

*Counsellor of Embassy, German Foreign Office  
to Minister of Trade and Commerce*

Ottawa, October 22, 1936

Sir,

I have the honour to acknowledge the receipt of your note of even date, which reads as follows:

It being the desire of the Governments of Canada and Germany to facilitate the commercial relations existing between the two countries pending the formal coming into force of the Provisional Trade Agreement signed this day, I have the

honour to inform you that the Government of Canada is prepared, on the basis of reciprocity, to apply the provisions of this Agreement respecting the customs treatment of German goods imported into Canada as from November 15, 1936, the date on which the Settlement Agreement between Germany and Canada will come into force.

It is understood that this note and your reply thereto on behalf of the German Government will constitute the Agreement which shall remain in effect until terminated by the coming into force of the Provisional Trade Agreement, in accordance with the provisions of Article 7 thereof, or until six weeks after either Government shall have given notice to the other of its intention to terminate it.

I beg to inform you that my Government accepts the contents of the above note and I take advantage of this opportunity to renew etc.

HEMMEN<sup>1</sup>

565.

*Le conseiller d'ambassade, l'office des Affaires étrangères d'Allemagne  
au ministre du Commerce*

*Counsellor of Embassy, German Foreign Office  
to Minister of Trade and Commerce*

Ottawa, October 22, 1936

Sir,

On the occasion of the signature of the Trade Agreement of to-day's date concluded between the German Government and the Government of Canada, I have the honour to inform you as follows:

The German Government considers any application of special or dumping duties to be incompatible with the most favoured nation treatment. The Canadian Government, on the other hand, is of the opinion that the application of dumping duties is compatible with the most favoured nation treatment provided the dumping duty is applied in a similar manner towards all countries for which similar conditions prevail. In the negotiations for the present Agreement it has not been possible to remove this fundamental difference of opinion. The German Government considers that the application of special or dumping duties to German imports into Canada would give the German Government the right to withdraw from the Agreement, according to the provisions of Article 5 of the Trade Agreement concluded to-day between Canada and Germany.

I take advantage of this opportunity to renew etc.

HEMMEN

<sup>1</sup>Herr Hemmen était chef des délégations pour la négociation des Traités commerciaux.  
Herr Hemmen was Leader of Delegations for the Negotiation of Commercial Treaties.

566.

*Le ministre des Finances*  
*au conseiller d'ambassade, l'office des Affaires étrangères d'Allemagne*  
*Minister of Finance*  
*to Counsellor of Embassy, German Foreign Office*

Ottawa, October 22, 1936

Sir,

I have the honour to acknowledge your note of today's date, which reads as follows:

The German Government will place at the disposal of the Bank of Canada, where the interest service of the American tranches of the German Foreign Loan of 1924 (Dawes Loan) and the International Loan of the German Reich, 1930 (Young Loan) will be centralized, the amounts in Canadian dollars which are necessary to purchase for the account of the German Government on the due dates or on presentation thereafter the interest coupons of the abovementioned tranches of the two loans, falling due after the 15th November, 1936. This arrangement applies only to the interest coupons of bonds which are proved to the reasonable satisfaction of the Bank of Canada to have been in the possession of Canadian holders on October 1, 1935. This arrangement is made without prejudice to the rights of persons who do not elect to have their bonds and coupons stamped and to receive payment as herein provided.

The purchase price for each semi-annual interest coupon of the two loans shall be the equivalent of twenty dollars lawful money of the United States of America for each one thousand dollars of the nominal value of the bond, and shall be paid in Canadian dollars on the basis of the current rate of exchange on the day each such coupon falls due, and not on a gold basis.

Canadian holders within the meaning of this arrangement are natural or corporate persons domiciled in Canada and who are duly proved to have been domiciled in Canada on October 1, 1935.

All bonds for which proof is duly given both of the domicile of the holder and of Canadian ownership on October 1, 1935, will be stamped "Canadian holder". At the same time, all interest coupons belonging to these bonds will be stamped in the same manner.

The stamping must be completed on or before November 30, 1936. After that date no further bonds and interest coupons will be stamped.

After the above date the Bank of Canada shall inform the Reichsbank without delay of the total nominal value of the bonds thus stamped.

The Government of Canada shall instruct the Bank of Canada to exercise the necessary control to make reasonably sure that the conditions provided for in this arrangement are duly complied with.

Should the German Government have good cause to believe that the above conditions are not being complied with it may bring the matter to the attention of the Government of Canada which will then make due investigation and adopt the necessary measures.

This arrangement shall come into force on November 15, 1936, and remain in force until the termination of the Provisional Trade Agreement between the German Government and the Government of Canada dated the 22nd October, 1936.

I have the honour to inform you that I will cause such steps to be taken as may be necessary on the part of the Government of Canada or the Bank of Canada in order that the arrangement may be carried out upon the terms set out in your note.

Accept etc.

C. A. DUNNING

567.

*Le ministre des Finances  
au conseiller d'ambassade, l'office des Affaires étrangères d'Allemagne  
Minister of Finance  
to Counsellor of Embassy, German Foreign Office*

Ottawa, October 22, 1936

Sir,

I have the honour to acknowledge your note of today's date, which reads as follows:

With reference to today's exchange of notes regarding the interest service on the American tranches of the Dawes and Young Loans held in Canada, I have the honour to inform you as follows:

In view of the present foreign exchange situation in Germany, the German Government consider it impossible to make available for this interest service any other foreign exchange than that derived from German-Canadian commerce. Hence the German Government undertake to set aside in advance the necessary amount of foreign exchange from the amount of foreign exchange accruing from German exports to Canada.

With reference to the fact that in the United States of America the semi-annual interest coupons of the Dawes Loan were hitherto bought in at 2½ per cent. and not at 2 per cent. of the nominal value of the bonds, the German Government agree that in case this price of 2½ per cent. shall continue to be paid in respect of coupons of the Dawes Loan held in the United States of America, the purchase price for the interest coupons of the bonds of the American tranche of the Dawes Loan in the possession of Canadian holders shall—within the terms of the abovementioned exchange of notes and of this letter—also be 2½ per cent. of the nominal value of the bonds.

I should be glad to receive your acknowledgement of these undertakings.

Accept etc.

C. A. DUNNING

568.

*Le ministre du Commerce  
au conseiller d'ambassade, l'office des Affaires étrangères d'Allemagne  
Minister of Trade and Commerce  
to Counsellor of Embassy, German Foreign Office*

Ottawa, October 22, 1936

Sir,

With regard to the Provisional Trade Agreement and the Payments Agreement, signed this day, between Canada and Germany, I have the

honour to inform you that the working out of these Agreements will be carefully watched by the Government of Canada and for this purpose a Committee of officials will be charged with the task of reporting to the Government on matters arising out of the operation of the two Agreements. Any communication which may be received from the German Government concerning the Agreements will be referred to this Committee for their report, provided the communication does not relate to a subject which comes exclusively within the competence of one Department of the Government.

I understand that the German Government proposes to constitute a similar Committee to examine the working out of the two Agreements and to advise respecting communications which may be sent by the Government of Canada on matters arising out of the execution of the Agreements.

Accept etc.

W. D. EULER

569.

*Le ministre du Commerce*  
*au conseiller d'ambassade, l'office des Affaires étrangères d'Allemagne*  
*Minister of Trade and Commerce*  
*to Counsellor of Embassy, German Foreign Office*

Ottawa, October 22, 1936

CONFIDENTIAL

Sir,

With reference to the provisions of Articles I and II of the Provisional Trade Agreement between Canada and Germany signed this day, I have the honour to inform you that the Canadian Government does not consider that the grant of most-favoured-nation treatment in commercial matters includes any advantages now accorded or which may be hereafter accorded by Canada to territories under His Majesty's Mandate so long as such advantages are not accorded to any foreign country.

Accept etc.

W. D. EULER

570.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

March 27, 1939

COMMERCIAL RELATIONS WITH GERMANY

Under the provisional Trade Agreement of November, 1936, Canada and Germany agreed to exchange unconditional most-favoured-foreign-nation

<sup>1</sup>De/by N. A. Robertson.

treatment in tariff matters. The real consideration which Canada received for extending most-favoured-nation treatment to Germany was not, however, contained in this Agreement but in the Payments Agreement concluded at the same time. It is, therefore, correct to say that Canada gives Germany most-favoured-nation treatment in tariff matters in return for an undertaking by Germany to spend the proceeds of her sales in Canada on Canadian goods.

The grant of most-favoured-nation treatment by Canada includes:

- (a) The extension of the rates of the Intermediate Tariff.
- (b) The benefit of rates lower than the Intermediate Tariff conceded in Trade Agreements with other foreign countries, i.e.,
  - (1) the rates accorded to France under the Agreements of 1933 and 1935;
  - (2) the rates accorded to Poland under the Agreement of 1935;
  - (3) the rates accorded the United States of America under the Agreement of 1938.
- (c) Prospective exemption from the 3 per cent special excise tax.

As regards the importance of the various elements constituting most-favoured-nation treatment in Canada, the following considerations may be noted:

- (1) Germany received the benefits of the Canadian Intermediate Tariff prior to the provisional Trade Agreement of 1936 by virtue of an Exchange of Notes effected in 1932.
- (2) The concession of rates lower than the Intermediate Tariff in Trade Agreements with third countries has tended to be confined to goods which the negotiating country is the chief foreign supplier of Canadian requirements.

While this statement does not hold good in respect of the French Agreements of 1933 and 1935, it is certainly true of the Agreements with the United States in 1935 and in 1938. It can be taken as axiomatic that in the recently concluded Trade Agreement with the United States that country did not seek and Canada did not concede tariff reductions on commodities from which other foreign countries were likely to be as important beneficiaries from the reduction as the United States itself. The only major concessions in the United States Agreement from which German exports may be expected to derive substantial benefits are 208t "Chemicals and drugs—not of a kind produced in Canada" on which the duty was reduced from 25 to 17½ per cent, and 216 "Acids, n.o.p. of a kind not produced in Canada" on which the duty was reduced from 25 to 20 per cent. These are so-called "basket items" under which the bulk of the acids and chemicals not specifically enumerated in the Tariff are imported into Canada. The United States is indisputably the chief foreign supplier under both tariff items taken as a whole. Germany is an important supplier under both items and probably the chief supplier of a number of individual products of this type

of which the imports are not separately recorded. A real effort was made during the negotiations to break down these items into their component parts, but in the event it was not found feasible.

It has been noted no concessions were made to the United States in the Trade Agreement on which, on the basis of trade, other foreign countries were the principal suppliers of Canadian requirements. Competitive conditions, however, are constantly changing, and it may well be, as a result of the reduced tariff rates now effective or of some unforeseen change in industrial technique, etc., that a third country sharing the benefits of the lower rates by virtue of most-favoured-nation treatment may secure the major benefit of the concession. If, as a result of such a concession, imports of the article concerned increase to such an extent as to threaten serious injury to domestic producers, then the country which made the concession may withdraw it or modify it after consultation with the Government to whom the concession was accorded in the first instance. It will be seen, therefore, that the risk of Germany and Japan taking embarrassing advantage of concessions made in the first instance to the United States has been ensured against in the negotiations themselves, and in the safeguarding clause in the general provisions of the new Agreement (Article XIV).

The situation that will be created by the removal of the 3 per cent special excise tax under the Budget will be rather more difficult to defend. It has not been found practicable to pick and choose the tariff items from which this tax is to be removed. On grounds of both general policy and administrative convenience it will probably have to be taken off right across the board. It will, therefore, constitute a definite improvement in the competitive position of all German goods being sold in Canada when compared with goods of domestic manufacture or with goods imported under the British Preferential Tariff. On the other hand, it should be borne in mind that the bulk of German imports are either "producers' goods" for further processing in Canada—or goods of a class or kind not made in this country. Removal of the 3 per cent excise from such imports will tend to help rather than hurt Canadian industry. As regards consumers' goods—the situation is different—but in this case the consumers themselves have already made it pretty clear that, other things being anything like equal, they will not knowingly buy German or Japanese goods.

#### THE UNITED KINGDOM POSITION

The United Kingdom grants Germany most-favoured-nation treatment under the Commercial Treaty of 1926 and shows no sign of withdrawing it. Mr. Chamberlain, speaking in the House of Commons, Westminster, on March 23rd of this year said:

I wish to make it clear, however, that there is no desire on the part of His Majesty's Government to stand in the way of any reasonable efforts on the part of Germany to expand her export trade. On the contrary, we were on the point of discussing in the most friendly way the possibility of trade arrangements which would have benefitted both countries when the event took place which for the time being at any rate put a stop to those discussions.



## THE UNITED STATES POSITION

The United States withdrew most-favoured-nation treatment from Germany four years ago on the ground that the German system of quantitative regulation of imports and exchange control involved discrimination against United States exports. German goods, therefore, have not received any of the lower rates of duty conceded by the United States in Trade Agreements with third countries. Last week the United States Treasury ordered that all dutiable German imports should be subject to an additional countervailing tax of 25 per cent over and above the ordinary duty. This countervailing tax will be refunded if it can be shown that the German exports in question have not been subsidised. It may be noted that the United States continue to accord unconditional most-favoured-nation treatment in tariff matters to Italy and Japan.

To sum up:

1. The extension to Germany, Japan and other countries of the tariff rates provided in the United States Agreement will not in itself aggravate economic conditions in this country.

2. The removal of the 3 percent special excise from German and Japanese goods may in special cases result in a greater reduction in the protection received by domestic industries than the Government deems desirable. In such cases it will be open to the Government to consider adjusting the rates of the Intermediate Tariff in the Budget so as to maintain the present competitive position unchanged.

3. Consideration might be given to a limited extension of the marking requirements to such consumers' goods now being imported from Japan and Germany in substantial quantities and which are not required to be marked.

4. The Payments Agreement with Germany requires reconsideration in the light of the inclusion of Austria and most of Czechoslovakia in German Customs Territory since it was concluded. It is not thought however that this job should be put in hand in the present circumstances.

CUBA

b.

CUBA

571.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

February 9, 1939

## CUBAN LEGISLATION

1. The Cuban debt legislation was brought to the attention of the Department in the middle of January.

<sup>1</sup>J. E. Read à/to O. D. Skelton.

2. Telegram No. 4, January 20, 1939,<sup>1</sup> Canadian Legation Washington instructed to confer with State Department and ascertain United States attitude.

3. British Legation, Havana, was instructed to watch situation January 25, 1939.

4. British Legation, Havana, informed Department of message to Congress, recommending legislation January 27, 1939, and transmitted President's message by despatch February 1, 1939.<sup>1</sup>

5. Canadian Legation, Washington, despatch No. 112, January 24, 1939,<sup>1</sup> reports results of conversations with State Department. The State Department have informed Banks that taking rigid attitude would effect no practical results, and have advised banks that, in their own interest, they adopt attitude of compromise and conciliation. (Confidential. U.S. Ambassador has been consulting in the matter, informally, with Colonel Batista and other officials.) (Confidential. Three United States banks operating are National City, with direct investments of \$14,000,000 and Chase National and First National of Boston, with investments of about \$1,000,000. Trustee investments amount to more than ten times the sum of the direct investments. It is understood that Royal's interest is approximately equal to National City's.)

6. The general position of the United States is that they are not making a formal protest, but that they may be having informal conversations. (Confidential. The Good Neighbour policy governs action and U.S. is likely to follow the same course as in Mexico, namely refusal to adopt stern measures to rescue U.S. business interests.)

7. The State Department having furnished information, would appreciate information as to extent of stake of Canadian banks.

8. It would still be open to Canadian Government to make formal protest. The following point should be made clear to banks' representatives:

If protest is made, it is almost certain to be ineffective. The best practical results would almost certainly be obtained by informal approach to the Cuban Government, coupled with assurance that Canadian Banks (plus U.S. Banks) would go as far as possible in meeting the situation. It might well be possible in such a way to reach a compromise. It would be in the nature of harsh medicine, unpleasant to take, but not disastrous.

9. (It should be noted that the Canadian Government is not free from vulnerability in dealing with this sort of thing:

(a) The Cuban legislation is certainly not as vicious as the Hepburn power contract repudiation which was upheld by both the Bennett and King Governments.

(b) I am not sure that we may not be in similar difficulties with regard to Alberta legislation before we are through.

<sup>1</sup> Non reproduits/non printed.

(c) The Cuban legislation is distinct in principle from the Farmers Creditors Relief legislation, in that it accords relief to all debtors and not merely to insolvent debtors. It is understood that the point of view of the bankers and economists is that debt legislation should give relief to the improvident, but none to the provident debtors. Consequently, any debt legislation that is designed to readjust contractual relationships to correspond with changing price levels is necessarily wrong. This point could be stated much more convincingly by the bankers or by Dr. Clark. [(]Personally, I do not see why a policy like the Australian plan would have been necessarily wrong, if it had applied equally and without discrimination against Australian creditors and City of London.)

572.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 276

Washington, March 2, 1939

Sir,

I have the honour to acknowledge the receipt of your despatch No. 108 of February 25th 1939<sup>1</sup> forwarding information as to the extent of the commitments of Canadian banks operating in Cuba.

2. A call was made at the State Department and a Memorandum—copy of which is herewith attached—was handed to Mr. Ellis O. Briggs, Acting Chief of the Division of the American Republics. In supplying these figures it was stated that in furnishing this information the representative of the three Canadian banks operating in Cuba had made it clear that it was to be considered as being “furnished in confidence to the Department of External Affairs to be used by that Department only for the purpose of confidential information to the Department of State at Washington.”

3. Mr. Briggs highly appreciated the action of the Canadian banks in furnishing these figures which of course will be kept confidential. He stated that this was of great interest to them and enabled them to have a more complete picture of the banking situation in Cuba.

4. Mr. Briggs went on to say that the Committee of five (see despatch No. 187 of February 10th 1939<sup>1</sup>) appointed by the Senate of Cuba had held hearings when various creditor and debtor organizations were given an opportunity to state their cases and express their views about the pending legislation. Mr. Briggs added that the whole matter now seemed to cause no alarm and that the situation was he felt gradually improving. He stated that the United States Government was of course most interested because Cuba happens to be the country in which United States investments outside of

<sup>1</sup> Non reproduites/not printed.

banking interests were the highest after Canada. The figure mentioned was between \$700,000,000 and \$800,000,000.

5. It was then learned confidentially that the Under-Secretary of State, Honourable Sumner Welles, had prevailed upon an old friend of his one Mr. Lancaster of the National City Bank of New York to travel to Havana in order to look the situation over and make a report. It was stressed however that Mr. Lancaster is not representing either the United States Government or the United States banks. Mr. Lancaster has been for a number of years handling Cuban and Caribbean affairs in the National City Bank and is considered one of the most competent and best informed members of the banking world. As he did not wish to go himself but only went at the request of his personal friend Mr. Welles it is felt that his trip will no doubt help both the interested Cuban organizations and the banks.

6. The Under-Secretary of State of the United States holds him (Mr. Lancaster) in the highest esteem and when Mr. Lancaster returns the State Department have kindly agreed to inform the Legation of the substance of his recommendations. While Mr. Lancaster is representing neither the United States Government nor the banks Ambassador Wright at Havana however has been requested to facilitate the meeting of any Cuban officials including Colonel Batista whom Mr. Lancaster might desire to approach to discuss the situation.

7. Officials in the Division of Latin America Republics now seem to take an optimistic view of the Cuban question feeling more and more certain that the responsible Cuban officials will now proceed slowly and cautiously and that no drastic provisions are likely to be contained in any bill which might be introduced.

I have etc.

HERBERT M. MARLER

[PIÈCE JOINTE/ENCLOSURE]

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

Washington, February 27, 1939

FIGURES ARRANGED IN FOUR CATEGORIES (IN THE NEAREST THOUSANDS OF DOLLARS) GIVING THE EXTENT OF THE COMMITMENTS OF THE CANADIAN BANKS IN CUBA

A—Subject to moratorium	\$ 9,327
B—Arranged by compromise, etc., since moratorium	23,398
C—Other old loans not subject to moratorium	1,271
D—loans originating since moratorium	14,446
	\$48,442

<sup>1</sup> De/by Hector Allard.

The foregoing total does not include certain advances made by one bank, and subject to the moratorium, amounting to approximately \$9,500,000, as, to use the bank's own words, "the underlying securities were undoubtedly included in the list submitted to Washington by the New York Fiduciary banks."

In another case \$1,200,000 in bonds of a certain Cuban debtor, in connection with which a Canadian trust company acts as trustee, are not included, but as the trust company has not, it is understood, made direct representations in this matter, and as the bank concerned is the one primarily interested, this sum must be taken into consideration. The relative debt is, I am advised, subject to the moratorium.

In a still further case one bank is carrying on its books in Canadian currency an advance to a Cuban debtor amounting to \$1,556,000 for which it is holding security consisting in part of shares in Cuban companies, which advance may be affected by articles 19, 54, 55 and 56 of the proposed Cuban bill for the revaluation of debts.

If all of the foregoing figures are added together a grand total is reached of \$60,698,000 by which the Banks concerned might be affected by the proposed adjustment legislation.

573.

*Le ministre de Grande-Bretagne à Cuba au secrétaire d'État  
aux Affaires extérieures*

*British Minister in Cuba to Secretary of State  
for External Affairs*

Havana, July 10, 1939

Sir,

With reference to my telegram of to-day's date,<sup>1</sup> I have the honour to transmit herewith translation of a Bill which was rushed through Congress on the 8th July and has been sent to the President for signature. The Bill amends Article V of Decree-Law 410 of 1934, of which a translation is also enclosed.

2. Owing to the serious fall in the value of Cuban money in terms of the United States' dollar, the Government have considered emergency legislation with a view to restoring the Cuban peso to parity with the United States' dollar. The Bill mentioned above, is one of the measures under consideration and it provides that, with certain exceptions, obligations contracted in United States' dollars can be liquidated in Cuban pesos. The President of the Republic has received the members of the Clearing House to hear their views and it is possible that the Bill may be modified.

3. The local Managers of the Canadian banks established here informed me that the Bill imposed unfair obligations on the banks. I therefore consulted

<sup>1</sup> Non reproduit/not printed.

the United States Ambassador as to the position of the United States banks, and then decided to make a preliminary protest to the Cuban Secretary of State, of which a copy is enclosed.

4. The fall of the peso is undoubtedly due to the maladministration of the Government, whose prestige has suffered accordingly. The Government, however, are trying to put the blame elsewhere and have made vague accusations against unnamed "speculators". On the 7th, four leading men of business, including the President of the Cuban Chamber of Commerce, were arrested and though they were subsequently released, this arbitrary action has caused disquiet. The situation therefore requires careful attention, as unfounded charges may also be brought against the banks.

A copy of this despatch has been transmitted to the Foreign Office, London, and to the High Commissioner in Canada for His Majesty's Government.

I have etc.

H. A. GRANT WATSON

[PIÈCE JOINTE/ENCLOSURE]

*Protestation du ministre de Grande-Bretagne à Cuba  
au secrétaire d'État de Cuba*

*Protest by British Minister in Cuba  
to Cuban Secretary of State*

Havana, July 10, 1939

His Majesty's Minister has the honour to inform the Secretary of State that his attention has been drawn to the text of the Bill dealing with exchange operations which will affect considerably British interests, especially those of the Canadian banks established in Cuba.

According to the local press, the Bill is at present in the hands of His Excellency, the President of the Republic.

His Majesty's minister is sending the text of the Bill to the Secretary for External Affairs at Ottawa and meanwhile would be grateful if a short interval could be allowed to enable His Majesty's Government in Canada to study the measure as far as it affects the interests of the Canadian banks.

In the opinion of His Majesty's Minister the Bill imposes unfair obligations on the Canadian banks. He is especially exercised about the situation which will arise if a Canadian bank, in fulfilment of its normal duties, receives a draft from abroad and endeavours to collect the money mentioned in the draft. If the drawee pays in Cuban silver and this is not acceptable to the drawer, the bank will be obliged to refuse the Cuban currency. It is important to establish that the bank would be in no manner responsible for the situation which thus arises.

574.

*Le ministre de Grande-Bretagne à Cuba au secrétaire d'État  
aux Affaires extérieures*

*British Minister in Cuba to Secretary of State  
for External Affairs*

TELEGRAM

Havana, July 24, 1939

Addressed to Secretary of State for External Affairs, Ottawa, repeated to Foreign Office.

My despatch No. 51 to Foreign Office, April 28th.<sup>1</sup>

A Bill was introduced and passed unexpectedly by the Senate on July 13th to "liquidate the moratorium". Bill contains many provisions "revaluation of Mortgages Bill" and several new clauses. It does not however reduce so drastically the capital value of mortgages and debts.

2. It does not discriminate openly against foreign interests but if it becomes law in its present form will prejudice gravely interests of Canadian banks.

3. After consultation with Canadian Bankers I left a memorandum with Secretary of State and expect to see him on July 25th.

4. I stated that Canadian banks belong to Havana Clearing House and that latter had presented a memorandum with their views to the President of House of Representatives. I wished, however, to make certain observations to the Secretary of State as Bill affected especially interests of Canadian banks. I concluded by requesting His Excellency to ask President of the Republic to use his influence with Congress to prevent passage of a Bill in such a form as would cause serious damage to legitimate interests of Canadian banks.

5. It is not yet known on what date House of Representatives will commence discussion of Bill.

6. I am in close consultation with my United States colleague.

7. Copies of my memorandum and translation of Bill sent by air mail to you and to High Commissioner for the United Kingdom and to the Foreign Office.

GRANT WATSON

575.

*Le ministre de Grande-Bretagne à Cuba  
au secrétaire d'État de Cuba*

*British Minister in Cuba  
to Cuban Secretary of State*

MEMORANDUM

Havana, July 24, 1939

The attention of His Majesty's Minister has been drawn to the proposed "Law for the Liquidation of the Moratorium", which was passed by the Senate on the 13th instant and sent to the House of Representatives.

<sup>1</sup> Non reproduite/not printed.

This Bill will affect a number of interests, including those of the Banks, established in Cuba. The views of the latter have been expressed in a memorandum drawn up by the Havana Clearing House, of which copies have been submitted to His Excellency the President of the Republic, and to the President of the House.

The Canadian banks, established in Cuba, are members of the Clearing House and the memorandum mentioned above sets forth their views on the Bill. As, however, this measure will prejudice gravely their interests and will affect their position in Cuba, His Majesty's Minister is addressing this memorandum to the Cuban Secretary of State to draw His Excellency's attention to certain provisions which especially affect the Canadian banks.

In the first place, when towards the close of 1938 the so-called "Revaluation Bill" was drafted, interested parties were invited to give their opinion to a Committee of the Senate. Among those who did so was the Supervisor of the Royal Bank of Canada. The opinion which he gave on that occasion coincides with those of the Managers of the other Canadian Banks and His Majesty's Minister sincerely hopes that Congress will not fail to consider the opinion which Mr. Stewart was invited to give, especially as the new Bill contains many of the dispositions of the "Revaluation Bill".

Furthermore, the Bill is retroactive in a number of respects and would alter and enormously prejudice many contracts which the banks have concluded. This action cannot fail to affect credit and, as the Canadian banks over a long term of years, have taken a prominent part in financing the agricultural, industrial and economic interests of Cuba, and, unless prevented by such legislation, would continue to do so, for the mutual advantage of both Cuban and Canadian interests, a measure which obliges these banks to curtail their credit operations will have a most prejudicial effect on those interests.

Among the provisions which will affect adversely the interests of these banks, mention may be made of the following:

1. Extension of the Bill to numerous obligations not affected by the Moratorium Law, including those concluded subsequent to Decree-Law No. 412 of August, 1934.
2. The cancellation of all interest accrued prior to August 12th, 1934, and the reduction of future interest to unreasonably low discriminatory rates well below the debtors' ability to pay in the majority of cases and without regard to the long periods during which it is not now possible to foretell the course of interest fluctuations.
3. Annulment of numerous adjustments made privately between debtor and creditor of a wholly voluntary nature and in accordance with debtors acknowledged ability to pay.
4. Annulment of the numerous voluntary renunciations of the benefits of Decree-Law No. 412, each case of renunciation and private adjustment attended with concessions or sacrifices by the creditors.



5. The special privilege extended to sugar mill debtors by which such debts have no definite maturity, payable as they are, only as and when the average promedio price is or exceeds 1.45 and then only at very moderate percentages of the gross value of the sugar produced each year.

6. The retroactive features of the project which are very far reaching and prejudicial to creditor's interests.

7. The elimination of the right of personal action in respect to certain classes of credits, such as pledge contracts, etc., and denial of the creditor's right to the full benefits of the pledge given. This in numerous cases would result in cancellation of considerable parts of such credits.

8. Denial of the right of future renunciation, thereby prolonging the moratorium state and extending benefit to later credits in prejudice of older ones.

9. Limitation of the rights of creditors under their contracts to enforce, provisions for proper care and maintenance of mortgaged properties, as well as payment of insurance, taxes, etc.

His Majesty's Minister has not had time to consult His Majesty's Government in Canada, but in view of the important Canadian interests which are at stake, he is placing these considerations before the Secretary of State and would be grateful if His Excellency will request the good offices of the President of the Republic, to prevent the passage of a Bill in such a form as would cause irremediable damage to the legitimate interests of the Canadian banks.

576.

*Le sous-ministre des Finances au sous-secrétaire d'État  
aux Affaires extérieures*

*Deputy Minister of Finance to Under-Secretary of State  
for External Affairs*

Ottawa, July 27, 1939

Dear Dr. Skelton,

I have been giving consideration to your letter of July 17th<sup>1</sup> and the various despatches and memoranda relating to the effect of recently enacted Cuban legislation on Canadian banks operating in Cuba. The Inspector General of Banks has been out of town and I have not been able to discuss the matter with him except over the telephone, but I expect him to return to Ottawa either today or tomorrow.

I agree with you that the United States Government is from every point of view in a much stronger position than ours to influence the policy of the

<sup>1</sup> Non reproduite/not printed.

Cuban Government in a matter of this kind, and I think it would be worth while to instruct our Legation in Washington to advise the State Department in the sense indicated by the closing sentence of your letter of July 17th.

I also think that we should go farther and make strong representations to the Cuban Government through the British Legation in Havana. As the law has already been proclaimed by the President, it is difficult to see how the matter can be straightened out; but presumably some relaxation might be effected by regulation for which there are precedents, even if it should be impossible to secure a substantial amendment to the law.

I regard the law so unfair and unjust in its incidence on Canadian banks as to justify very strong representations. If the law had allowed the banks to pay their United States dollar deposits in pesos, no objection could be raised; but it obligates them to continue to pay United States dollar deposits in United States dollars while allowing debtors of the bank to pay their obligations to the banks in pesos. The result is that according to the figures submitted, the Royal Bank has apparently a short position of about \$16,000,000 in U.S. exchange. This seems to me to be a serious matter for the bank, particularly as United States dollar deposits are apparently now being subject to rapid withdrawal. While the bank is left with a short position in U.S. dollars, a Cuban depositor is apparently in a position to make substantial profit by withdrawing his dollar deposits and selling U.S. exchange at a substantial premium over Cuban pesos. The whole transaction is all the more reprehensible because of the Cuban law requiring the banks to hold cash reserves in an amount not less than 25% of their total deposit liabilities and to hold 75% of such reserves in Cuban silver.

The two other Canadian banks involved will not be affected as seriously as the Royal. When Mr. Tompkins returns I think he will have the facts in regard to the position of the Canadian Bank of Commerce and the Bank of Nova Scotia. You may wish to have a conference on the subject. If so, I shall be very glad to attend with Mr. Tompkins, who is much more familiar than I am with the detailed position of the banks.

Yours very truly,

W. C. CLARK

577.

*Le secrétaire d'État aux Affaires extérieures  
au ministre de Grande-Bretagne à Cuba*

*Secretary of State for External Affairs  
to British Minister in Cuba*

TELEGRAM

Ottawa, July 29, 1939

Reference your telegram of July 24th and earlier messages regarding anticipated effects of recent Cuban legislation on position of Canadian Banks in Cuba. The Canadian Government appreciate your full and prompt reports on developments in the situation and are grateful for representations

you have already addressed to Cuban authorities. The situation is being studied in consultation with Canadian Banks concerned, and Charge d'Affaires, Canadian Legation, Washington has been instructed to inform United States Government of Canadian concern about effect of Cuban policy on position of Canadian Banks doing business in Cuba, and of our trust that any action the United States Government may be able to take with a view to protecting the position of United States banking interests in Cuba will not operate to the disadvantage of Canadian banking interests there.

I should be glad to have your advice as to the probable effectiveness of further direct representations to the Cuban Government in support of the position you have already taken in preliminary protests.

578.

*Le ministre de Grande-Bretagne à Cuba au secrétaire d'État  
aux Affaires extérieures*

*British Minister in Cuba to Secretary of State  
for External Affairs*

TELEGRAM

Havana, July 31, 1939

Your telegram of July 29th. Cuban Secretary of State has studied the memorandum which I left with him and I do not consider any further representations at the present stage would assist Canadian interests.

2. The Bill will be considered by the House of Representatives shortly. If it is passed in a form which is still harmful to Canadian interests representations could be made again with a view to influencing President to veto the provision prejudicial to the banks.

3. The interests of the United States and Canadian banks are practically similar.

GRANT WATSON

579.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1461

Washington, August 2, 1939

Sir,

With reference to your despatch No. 422 of July 29, 1939,<sup>1</sup> in regard to the Cuban "exchange operations law" which appeared in the Cuban Official Gazette on July 10, I have the honour to state that a call was made at the State Department to discuss the effects of this law on United States banks.

<sup>1</sup> Non reproduite/not printed.

2. It was learned that about a week ago new regulations had come out which clarified the law and more or less corrected the provisions of the law of July 10. Officials in the Latin American Division who were interviewed on the subject stated that the United States would now do its utmost to have these regulations incorporated into the law which would then make it, if not palatable, at least bearable for the various banking institutions concerned, either United States or Canadian.

3. As to any action the United States Government may take with a view to protecting the position of the United States banks and financial interests in Cuba, officials in the State Department most emphatically stated that in no way would their action prejudice Canadian banks, which are they claim in exactly the same situation as the United States banks. They suggested that no doubt the best plan for the Canadian banks would be to keep in very close touch—which probably they are doing—with the management of the various United States banks concerned and especially Mr. Lancaster with whom the Canadian banks have been in close contact.

4. As for the "Liquidation of the Moratorium" it was agreed that the provisions of this bill, if it became law, would—without a doubt—further prejudice the position of all foreign banking institutions in Cuba. So far, however, the State Department has not been advised of any action having been taken by the Cuban Chamber of Representatives and it may be some time before this bill is taken up. The regulations mentioned in paragraph two above were not available this morning but two copies will be placed at the disposal of the Legation as soon as possible. After the reception of these regulations the Legation after studying them will present a memorandum to the State Department in the sense indicated in the ultimate paragraph of your despatch under reference.

I have etc.

M. M. MAHONEY

580.

*Le ministre de Grande-Bretagne à Cuba au secrétaire d'État  
aux Affaires extérieures*

*British Minister in Cuba to Secretary of State  
for External Affairs*

TELEGRAM 50

Havana, August 2, 1939

Addressed to Foreign Office repeated to Ottawa. In view of falling off of revenue a Bill creating a number of new taxes was introduced in Cuban House of Representatives and was passed in principle last night. It will now be discussed article by article and is likely to be considerably modified before it is sent to the Senate.

Article 13 imposes an extra tax of one per cent on policies issued by foreign and Cuban fire insurance companies.

Also an extra seven per cent on policies issued by foreign companies.

Article 17 guarantees a tax of six per cent on money remitted from Cuba. I am pointing out to the Secretary of State that at least two articles of the Bill are contrary to Anglo-Cuban treaty.

GRANT WATSON

581.

*Le secrétaire d'État de Cuba  
au ministre de Grande-Bretagne à Cuba (Traduction)  
Cuban Secretary of State  
to British Minister in Cuba (Translation)*

Havana, August 3, 1939

Dear Mr. Minister and Friend,

I have pleasure in acknowledging receipt of your letter of the 27th July last,<sup>1</sup> in which you called my attention to the existence of certain British companies holding mortgages in Cuba who would be affected if the proposed law for the Liquidation of the Moratorium, now being studied by the Congress of the Republic, should be approved.

I have taken due note of what you tell me and I confirm the information I had the pleasure of giving to you personally in our conversation of some days ago on the subject of your Memorandum of the 24th July, relative to the mortgage interests of the Canadian Banks.

I repeat that nothing can be done in this matter, at its present stage, by the Executive Power; and at the same time permit me to point out to you the difficulty of legislating in so critical and complex a situation, such as that created by this question.

Believe me etc.

CAMPA

582.

*Le secrétaire d'État aux Affaires extérieures  
au ministre de Grande-Bretagne à Cuba  
Secretary of State for External Affairs  
to British Minister in Cuba*

Ottawa, August 31, 1939

Sir,

I have the honour to refer to your despatch of the 18th of August<sup>1</sup> and to earlier correspondence relating to the Cuban Monetary law of the 8th of July and to the Supplementary Decree, 1727, of the 19th of July, and to enclose copy of a memorandum of the 9th of August<sup>1</sup> which has been received from the Royal Bank of Canada, the Canadian Bank of Commerce,

<sup>1</sup> Non reproduits/not printed.

and the Bank of Nova Scotia. This memorandum sets forth the reasons why the Canadian Banks, which have been doing business in Cuba, believe that the Monetary Law of the 8th of July, even as amended by the Supplementary Decree of the 19th of July, is affecting their interests adversely and unfairly.

The Canadian Government feel that the representations put forward in the Banks' memorandum deserve the serious and sympathetic consideration of the Cuban authorities. They trust that your efforts in their behalf to secure the desired modifications in the Cuban monetary laws and regulations will result in the restoration of working conditions under which the Canadian Banks can continue to contribute to the economic welfare of Cuba.

I have etc.

O. D. SKELTON for the . . .

FRANCE

c.

FRANCE

583.

*Le sous-secrétaire d'État aux Affaires extérieures  
au commissaire, la Gendarmerie royale du Canada*

*Under-Secretary of State for External Affairs  
to Commissioner, Royal Canadian Mounted Police*

Ottawa, February 10, 1937

Sir,

I have the honour to refer to your letter dated the 28th December, 1936,<sup>1</sup> and to the previous correspondence concerning the international enforcement of the Customs Act, and particularly clearance of liquor-laden vessels from St. Martin's, French West Indies, which is dealt with under your file No. C. 314-35.

This whole question has been examined by the Department. It seems to me that the situation arising out of shipments from French ports could best be dealt with by taking up with the French Government the whole problem of co-operation in the suppression of smuggling. If we dealt specifically with the St. Martin's problem we might well find that the result of action taken by the French Government would be merely to shift the trade to some other French port. Consequently, there might be everything to gain and nothing to lose in making our negotiations extend to all French ports. Further, the problem of dealing with clearances is necessarily related to the problem of obtaining the concurrence of the French Government in the exercise of jurisdiction over French vessels within Canadian customs waters. It might be difficult to induce action by the French Government in respect of clearances and then shortly afterwards to make progress with negotiations along the other lines.

<sup>1</sup> Non reproduite/not printed.

Accordingly, it seems to me that it would be wise to defer the clearances problem with France until we are ready to proceed with the other question.

It is anticipated that it will be possible to conclude the negotiations with the Government of the United Kingdom in the near future. Having settled our course of action as a result of these negotiations, it will then be a much easier matter to approach the French Government and take up with them all of these problems which result from the efforts which are being made to suppress smuggling.

I do not think that any time will be lost in following this course. Negotiations with the French Government are almost invariably prolonged, and it is almost certain that we should not get very far in dealing with the clearances before we have to commence negotiations with the other matters.

I have etc.

O. D. SKELTON

584.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

DESPATCH 91

Paris, March 12, 1938

Sir,

With reference to your despatch No. 97 of October 6th, 1937,<sup>1</sup> regarding double taxation, I have the honour to enclose herewith three copies of a letter received from the French Foreign Office, and should be much obliged if you could, at your earliest convenience, send me instructions that would enable me to reply to the enclosed communication.

I have etc.

PHILIPPE ROY

[PIÈCE JOINTE/ENCLOSURE]

*Le ministère des Affaires étrangères de France à la légation en France*  
*French Ministry of Foreign Affairs to Legation in France*

Paris, le 10 mars 1938

Par note du 23 novembre 1937,<sup>1</sup> la Légation du Canada a bien voulu entretenir le Ministère des Affaires Étrangères du Statut fiscal en France de la Royal Bank of Canada.

<sup>1</sup>Non reproduites/not printed.

La Légation sollicitait, en faveur de cet établissement et pour les paiements de ses impôts, des sursis valables jusqu'à la conclusion de la Convention fiscale franco-canadienne dont la négociation a commencé au mois d'octobre 1937.

En réponse à cette communication, le Ministère a l'honneur de faire savoir à la Légation que, les impôts dûs par la Banque Royale du Canada portant sur la période courue depuis le 3 mars 1928, il ne pourrait être sursis aux poursuites relatives à ces impositions que si une décision avait été déjà prise concernant l'effet rétroactif à l'accord à conclure.

Or, l'état des négociations est encore trop peu avancé pour que le Gouvernement français puisse prendre position en la matière. La Légation sait, d'ailleurs, que cette position dépendra de l'ampleur des concessions auxquelles le Gouvernement canadien consentira lui-même dans le domaine de l'entraide administrative et que le Gouvernement français n'a pas encore reçu, à ce sujet, les assurances qu'il avait sollicitées.

Le Ministère saisit cette occasion pour prier la Légation de bien vouloir s'enquérir des dispositions de son Gouvernement et de lui demander s'il est prêt à reprendre avec le Gouvernement français les négociations fiscales sur les bases qui ont été indiquées au mois d'octobre 1937 à M. Helliott [sic].

Au cas où la réponse d'Ottawa serait de nature à faire espérer la prochaine réunion d'une nouvelle conférence franco-canadienne, il y aurait intérêt à ce que la Légation voulut bien communiquer au Ministère la liste des sociétés canadiennes qui font l'objet de réclamations et auxquelles les sursis pourraient être accordés; cette documentation permettrait à l'Administration française de déterminer avec la précision nécessaire l'importance du sacrifice que représenterait la remise des impôts dûs par ces sociétés.

585.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH 378

Washington, March 22nd, 1938

CONFIDENTIAL

Sir,

In continuation of my despatch No. 289 of March 5th, 1938,<sup>1</sup> concerning alcohol smuggling, I have the honour to inform you that confidential information received by the Department of State indicates that a cargo of alcohol left Rotterdam on March 18th on board the Danish motor schooner GRETEKURE. This is a small vessel of 223 tons gross and sailed ostensibly



for Martinique with a cargo of 1575 hectolitres of alcohol of 97.3 proof. The alcohol was shipped in cases, each case containing two cans of 10 litres each and marked "Phoenix Brand". It is consigned to order.

2. The cargo and the vessel are believed to belong to M. Moraze, who has been active in connection with smuggling from St. Pierre. The vessel carried only 30 tons of fuel oil, so that there is some doubt whether its destination is Martinique. The Department of State believes it possible that the GRETEKURE may proceed to the vicinity of St. Pierre.

I have etc.

HERBERT M. MARLER

586.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

TELEGRAM 23

Ottawa, May 14, 1938

With reference to French Foreign Office Note March 10, 1938 and question of Double Taxation. The present position of Royal Bank and Canadian Pacific Railway is acute in that both are being pressed very hard by French administration. It is desired that you should discuss special position of these two companies with French fiscal authorities to avoid possibility of their position being prejudiced, pending completion of negotiations. You might confer with local manager and legal advisers before approaching French authorities. Terms of despatch for resumption of negotiations are practically settled and it is expected that it will be forwarded next week. Consequently you would be justified in informing French authorities that we contemplated resumption of negotiations.

587.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 35

Paris, June 27, 1938

Your telegram No. 34.<sup>1</sup> Have kept pressing French Government for reply concerning date of negotiations on double taxation. Official decision of Minister of Finance not yet available but we are unofficially and verbally informed by Foreign Affairs that interested services of Finance Department consider negotiations useless until Canada has agreed on fiscal assistance. In the affirmative there seems to be no objection to suggested date. I shall transmit immediately official reply promised for next week.

<sup>1</sup> Non reproduit/not printed.

588.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

TELEGRAM 36

Ottawa, June 27, 1938

IMMEDIATE. Your telegram No. 35.

1. Do not understand suggestion that negotiations would be useless until Canada had agreed on fiscal assistance. It is not possible to make commitments on this subject in advance of discussion. It will be recalled we have not sought any commitments in advance on the subject of double taxation. Our representatives have, however, been examining the whole question of fiscal assistance and will be prepared to include this subject in the negotiations with every wish to find a mutually satisfactory solution.

2. Clark expects to leave Ottawa tomorrow sailing on Wednesday on Normandie en route to Geneva. Elliott's sailing depends on definite reply from Paris which we trust will be received immediately as next week would be entirely too late to make necessary arrangements here.

3. Clark will try to get in touch with Legation on way to Geneva.

589.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 36

Paris, June 30, 1938

Your telegram No. 36. French authorities will be ready to negotiate from July 12th if our representatives, as you mentioned, are in a position to discuss the question of fiscal assistance.

590.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 44

Paris, July 19, 1938

Following for Skelton from Clark and Elliot[t], Begins:

French insist on linking fiscal assistance with double taxation and on using the Convention with Sweden as the basis for negotiations. We have prepared initial draft on fiscal assistance which eliminates from the Swedish article

the provisions relative to succession duties and other information over which we have no constitutional jurisdiction or which we do not obtain in practice for ourselves. We feel, however, that we must offer to give the information regarding residents in France which we may have obtained from the ownership of certificates, corporation reports on dividends paid, royalties, etc., as well as information regarding any private and public pensions paid and possibly the names and addresses of French nationals who have filed income tax returns. These concessions will in practice mean relatively little. We probably must also offer judicial assistance in so far as the laws relative to our courts presently permit. Fiscal information and assistance are the only *quid pro quo* we have to give in exchange for satisfactory settlement of outstanding tax claims of important Canadian corporations. Sweden as you know has gone much farther. Belgium, Italy and Germany have also gone much farther in agreeing to give all information at the disposal of their respective Governments. On the other hand British Agreement initialled in 1935 only enables French fiscal authorities to get information available to any British citizen or Government Department and in the same manner. The British do not seem willing to recede from this position and in view of other considerations of various kinds they may be able to maintain their position and secure relief from double taxation for their nationals back to 1931.

We have had discussions with British and United States officials and as a result of all that we have learned we are prepared to recommend that we go as far as indicated above, provided we can obtain satisfactory solution of double taxation problem. If you believe we are going too far would you please consult our two Ministers if possible and let us have your comments by Thursday. If we do not hear from you we will have to proceed on above basis at conference with French Ministry of Finance on Friday. Ends.

591.

*Le commissaire, la Gendarmerie royale du Canada  
au sous-secrétaire d'État aux Affaires extérieures*

*Commissioner, Royal Canadian Mounted Police  
to Under-Secretary of State for External Affairs*

Ottawa, September 7, 1938

Sir,

It is desired to draw your attention to change of tactics by the rum-runners on the Atlantic coast as a result of the proclamation dated August 6th, extending Canadian waters to twelve miles when dealing with vessels of British registry:

2. A reliable informant advises that the vessels "Fanny May", "H. G. MacLean" and "Gretekura", owned by Moraze and Sons, are being put under French registry. These are old vessels well known to us as rum-runners.

3. In view of this it is suggested that negotiations be entered into with the French Government to have them recognize, and agree to, the seizure of vessels of French registry, up to twelve miles from our shores.

4. It is also pointed out that as the inhabitants of the French Islands, Miquelon and St. Pierre, exist mainly on their liquor operations, which are principally directed in smuggling into Canada, the French Government should be willing to co-operate.

Yours truly,

S. T. WOOD

592.

*Le commissaire, la Gendarmerie royale du Canada  
au sous-secrétaire d'État aux Affaires extérieures  
Commissioner, Royal Canadian Mounted Police  
to Under-Secretary of State for External Affairs*

Ottawa, September 15, 1938

Sir,

VESSELS CHANGING FROM BRITISH TO FRENCH REGISTRY  
SINCE AUGUST 1, 1938

Further to our letter of the 7th instant and with reference to conversation between Superintendent Bavin and Mr. J. E. Read, attached please find copy of a list of vessels which are known to us to be either owned by parties interested in the rum-running business or actively engaged in smuggling.

2. We have received confidential information that, at the present time, there are approximately ten vessels tied up in St. Pierre, pending transfer of their registry.

3. As soon as we receive definite information regarding the transfer of the registration of any vessel which has been operating off our coasts, whether it is of Canadian or British registration, it will be transmitted to you.

Yours truly,

T. DANN for the . . .

593.

*La légation de France au ministère des Affaires extérieures  
French Legation to Department of External Affairs*

No. 45

Ottawa, le 15 septembre 1938

La Légation de France présente ses compliments au Ministère des Affaires Extérieures et a l'honneur de lui faire parvenir, ci-joint, deux projets

de Convention sur les doubles impositions, établis, l'un par la délégation canadienne, l'autre par la délégation française, qui ont engagé à Paris en octobre 1937 et poursuivi en juillet et août 1938 des pourparlers tendant à la conclusion d'un accord franco-canadien à ce sujet. Ces deux projets sont accompagnés d'un protocole également ci-annexé.

D'autre part, la délégation canadienne ayant exprimé le désir qu'il soit sursis, pendant les négociations, au recouvrement des sommes dues par les Sociétés canadiennes en vertu de la législation existante, le Gouvernement français a consenti dans une certaine mesure à accueillir cette demande. Étant entendu que la rétroactivité susceptible d'être prévue dans la convention—et cela en contrepartie de certains avantages—ne saurait aboutir au remboursement d'impôts déjà acquittés, il a paru possible au Ministère français des Finances, désireux de marquer sa bonne volonté, d'accorder un sursis jusqu'au 1<sup>er</sup> janvier 1939, les sociétés intéressées devant, en cas d'inscription aux rôles des litiges où elles sont parties contre le Trésor, prendre l'initiative de solliciter des tribunaux la remise des causes.

La Légation de France tient enfin à attirer l'attention du Ministère des Affaires Extérieures sur l'intérêt qui s'attache à l'insertion, dans la Convention projetée, de clauses d'assistance mutuelle comportant l'échange de renseignements utiles au contrôle des déclarations souscrites par des personnes domiciliées dans un État et ayant leur résidence dans l'autre État.

594.

*Le commissaire, la Gendarmerie royale du Canada  
au sous-secrétaire d'État aux Affaires extérieures  
Commissioner, Royal Canadian Mounted Police  
to Under-Secretary of State for External Affairs*

Ottawa, September 27, 1938

Sir,

VESSELS CHANGING FROM BRITISH TO FRENCH REGISTRY  
SINCE AUG. 1, 1938

Further to our letter of the 15th instant in connection with the above noted subject, we have been officially advised that the Schooners "Fannie May" and "H. G. McLean", both persistently used in smuggling liquor into Canada, have recently transferred from British to French registry.

We will keep you advised of any further transfers which may come to our attention.

Yours truly,

T. DANN for the . . .

595.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

DESPATCH 70

Ottawa, October 6, 1938

Sir,

I have the honour to request that you should commence negotiations with the French Government, with a view to making provision for co-operation on a reciprocal basis in the prevention of smuggling.

2. The Canadian Government has recently concluded arrangements with the Government of the United Kingdom, whereby the latter Government concurs in the boarding, search and seizure of vessels registered outside of Canada, within Canadian Customs Waters, which are defined by statute as including a zone nine marine miles in width adjacent to and extending beyond Canadian waters.

3. It is now possible for the Canadian Preventive Forces to exercise a rigid control over British vessels registered outside of Canada within Canadian Customs Waters, without protest or objection by the Government of the United Kingdom. It might be pointed out that some years ago the Preventive Forces in Canad[ian] Customs waters, including [the power to search] and seize vessels registered in [Canada, which] led to the transfer in large numbers of [the registry of Canadian smuggling vessels to registers in British ports, subject to the authority of the Parliament of the United Kingdom. These smuggling vessels were using the registry in places outside of Canada as a scheme to enable them to smuggle liquor into Canada and thus to defraud the revenue of this Country.

4. As a result of the exercise of preventive jurisdiction over these vessels, which commenced at the beginning of August of this year, the owners are adopting measures for the purpose of escaping the activities of Canadian Preventive Forces by transferring their vessels to French registry. It is understood that the schooners "Fanny May" and "H. G. McLean", which were formerly registered in Newfoundland, have been transferred to owners who are French citizens and have been registered in Saint Pierre. It is also understood that there are a large number of other smuggling vessels which are in the course of being transferred. Registration at a French port and Fre[nch] ownership, whether genuine or fictitious, are bein[g] used as a convenient means for avoiding the oper[ations] of the Canadian Preventive Forces.

5. The French authorities will realize [the] possibility of such transfers and the potent[ial] existence of a large group of smugglers, hav[ing] legal authority to hover in Canadian Cust[oms Waters] immune from the operations of Canadian Preventive Forces, create a most serious situation. The Canadian

Government is confident that the French Government will co-operate in frustrating the activities of these malefactors who are engaged in fraudulent and dangerous conspiracy against the revenues.

6. There is ample authority in the legislation of this Country to cope with this situation. For the information of the French Government I am enclosing copies of a Memorandum<sup>1</sup> by the Department of National Revenue, which sets forth the text of the amendments to the Customs Act to deal with the position of hovering vessels. They are contained in Chapter 30 of the Statutes of 1936, Section 4, and they involve a repeal and re-enactment of Section 151 of the Customs Act.

It will be observed that Section 151 of the Customs Act now gives ample powers to the Canadian Preventive Forces to exercise complete and effecti[ve] control over vessels hovering within Canadian Cust[oms] waters. It will be noted, howe[ver,] that the provis[i]ons of the section apply to Canadian vessels, [?] in the case of other vessels they are only appli[cable] to such classes of vessels as have been enumer[ated] by proclamation. It is therefore, necessary [?] a proclamation, in order to bring any class of Canadian vessels within the scope of the section.

7. The method of operation of this legislation can perhaps be more clearly understood if consideration is given to a concrete case. During the present year the provisions of Section 151 of the Customs Act were brought into operation in respect of vessels registered in parts of the British Commonwealth, other than Canada, Australia, New Zealand, the Union of South Africa, Eire and India. This was accomplished by a proclamation,<sup>2</sup> copies of which are enclosed for your information. It will be observed that the proclamation brought the provisions of Section 151 of the Customs Act into operation from and after the 1st day of August of this year, and that the exercise of the powers under the section were made subject to certain conditions and limitations. It is anticipated that similar proclamations will be issued in due course in respect of the excepted parts of the British Commonwealth.

8. In order to bring the provisions of this section into operation in respect of French vessels, it would be necessary to issue a similar proclamation. The Canadian Government would be reluctant to adopt this course without the concurrence and approval of the French Government. Further, it is thought that any arrangement of this sort should be on a completely reciprocal basis. It is hoped, therefore, that the French authorities will be prepared to consider the recording of a mutual understanding that the Preventive Forces of both countries could exercise jurisdiction of this sort, in order to prevent the defrauding of the revenues of the respective countries.

9. Assuming that the French Government are prepared to record such an understanding, the question remains as to form. In the case of the recent

<sup>1</sup> Non reproduit/not printed.

<sup>2</sup> Voir le doc. 333/see doc. 333.

proclamation, in which the Government of the United Kingdom was interested, no formal Agreement was concluded corresponding to the Conventions which were made by the Government of the United States with various countries dealing with a similar problem. The understanding between the Governments was recorded in exchange of correspondence which set forth the conditions, restrictions and understandings as to the way in which the powers would be exercised. These conditions and limitations have been for the most part recorded in the proclamation.

It might be possible to embody an arrangement of this sort with the French Government in an exchange of notes. If, however, the French authorities would prefer some other form, the Canadian Government would be glad to conform to their views on this point.

10. It is desired, therefore, that you should bring these matters to the attention to the French Government. Assuming their willingness to cooperate, the French Government will undoubtedly have some suggestions to make with regard to restrictions upon the exercise of powers by the Preventive Forces. They will also want to be assured that adequate remedies will be available to cover the cases of wrongful seizures or of unreasonable conduct in respect of lawful seizures. The Canadian Government would be glad to receive any suggestions that might be made on this or on any other aspects of the question.

11. If the French Government appear to be favourably disposed to the suggested course of action, I shall send to you drafts covering the various points that would need to be considered. It would be more convenient if these drafts could be prepared after ascertaining whether the French Government are ready to proceed by exchange of notes, or if not, whether they desire an inter-governmental agreement. On the other hand, points could, of course, be set forth, so as to be capable of ready adaptation after a decision had been reached on the question of form.

I have etc.

O. D. SKELTON for the . . .

596.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

DESPATCH 380

Paris, October 27, 1938

Sir,

I have the honour to acknowledge receipt of your despatch No. 70, of October 6th, regarding your desire to enter negotiations with the French Government with a view to making provision for co-operation on a reciprocal basis in the prevention of smuggling.



I have approached the French Foreign Ministry on this subject, and was informed that the question would have to be discussed inter-departmentally with the Ministry of Colonies and of Merchant Marine, before any definite answer could be made to my request.

I have etc.

PHILIPPE ROY

597.

*Le commissaire, la Gendarmerie royale du Canada  
au sous-secrétaire d'État aux Affaires extérieures*

*Commissioner, Royal Canadian Mounted Police  
to Under-Secretary of State for External Affairs*

Ottawa, December 17, 1938

Dear Doctor Skelton,

We have recently had some correspondence relative to the recognition by France of the extension of Canadian Waters to twelve miles to apply to vessels of French and French Colonial registry.

2. I now want to bring your attention to a very important point effecting [*sic*] the French Colony of the islands of St. Pierre et Miquelon and the French West Indies. It is felt that there is no exaggeration in the statement that the main source of livelihood in St. Pierre itself is the liquor trade to Canada. Perhaps I am safe in saying that the greater majority of this trade is confined to smuggling contraband liquor into Canada. From what we can learn, the authorities at the islands make only a pretence of enforcing their laws with regard to the exportation of liquor, which they must be aware is destined to be smuggled into Canada.

3. May I be permitted to ask that you consider making an approach to the Government of France, requesting that country to co-operate with the Government of Canada to establish and enforce such laws in their Colonial possessions of St. Pierre et Miquelon and the islands of the French West Indies, as will permit the export of liquor for legal entry only into the Dominion of Canada, and to exercise a sincere effort to prevent the exportation of liquor obviously intended to be smuggled.

4. We have before the Courts of Nova Scotia at the present time, many cases in which persons resident in Nova Scotia, St. Pierre et Miquelon, and the French West Indies, are charged with "conspiracy to defraud the Revenue of Canada" of amounts ranging from several thousands of dollars to four million dollars. Some Canadians have already been convicted and sentenced, others will follow, but those resident in French possessions cannot be arrested unless they set foot in Canada.

5. Thus you will realize the manner in which this illicit trade has developed, and understand our anxiety to strike at the source of supply.

6. In support of the above, attached please find copy<sup>1</sup> of report from Acting Ass't Comm'r Mead, who at a convenient time to you can come to Ottawa to present these and further facts. This Officer in another report has stated:

The rum running situation in the Maritimes is rapidly changing, and although it would be unwise to even suggest that it is a thing of the past, I cannot see how, in the future it can be anything like what it has been. I have in mind the stationing of a plane at Sydney. *This is in the direct route from St. Pierre from where we can expect our trouble, if any, next summer.*

7. Also attached are sworn affidavits<sup>1</sup> of two men who have been engaged in the smuggling of contraband rum and alcohol, Alexander Dunphy and Leo Joseph Julien, which, in my opinion are most convincing.

Yours truly,

S. T. WOOD

598.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires de France*  
*Secretary of State for External Affairs  
to French Chargé d'Affaires*

No. 4

Ottawa, February 10, 1939

Sir,

May I refer to your note No. 45, dated the 15th September, 1938, in which you transmitted two drafts of a Convention on Double Taxation: one drafted by the Canadian Delegation, and the other by the French Delegation, when they met in Paris in October, 1937, and again in July and August of last year, for the purpose of negotiating a Franco-Canadian Agreement. The two drafts were accompanied by a Protocol. You also referred to the request of the Canadian Delegation during the negotiations, that the collection of sums from Canadian corporations, under existing legislation, should be deferred, and to the action of your Government in granting this request, including a delay until the first day of January, 1939.

Your Government has throughout these negotiations been most generous in making the necessary arrangements to prevent the position of Canadian corporations being prejudiced, pending the conclusion of this matter. On the other hand, the interested departments of the Canadian Government, while most reluctant to link together the consideration of the two questions of double taxation and fiscal assistance, have been making every effort to find some means whereby it might be possible to meet your Government's request for co-operation in coping with the problem of fiscal evasion.

Apart from the serious difficulties inherent in making provision for fiscal assistance, there is an even more difficult problem presented by current

<sup>1</sup> Non reproduits/not printed.

negotiations with the United States, touching upon the same matters. Any proposals relating to exchange of information and fiscal assistance would of necessity affect a much larger number of transactions between Canada and the United States than between Canada and any other country. Consequently, it is essential for this Government to reach substantial agreement in the negotiations with the United States before committing itself definitely in negotiations with other countries. I am sure that you will appreciate the need for co-ordinating negotiations of this sort with different countries.

The negotiations with the United States will undoubtedly reach a point where final decisions will have been made on essential points of principle in the near future. I am confident that I shall be in a position to give you a definite indication as to whether it will be possible to conclude a Convention, including both double taxation and fiscal assistance and, if so, the extent to which provision might be made for fiscal assistance. This position will be reached not later than the end of May, and probably at an appreciably earlier date.

The Canadian Government will then be in a position to co-operate in the prompt conclusion of these negotiations. Your Government has, throughout, been most generous in preventing the position of Canadian corporations from being prejudiced, pending conclusion of this matter.

The proceedings against the Royal Bank come up at the beginning of March, and against the Canadian Pacific Railway in April. Owing to the shortage of time, it seemed to be desirable to bring the problem raised by these proceedings to the attention of your Government, through the Canadian Legation at Paris. The Canadian Minister has been asked to give to your Government assurance that he will be in a position to indicate the extent to which the Canadian Government may be able to comply with your Government's proposals, not later than the end of May, and that it should then be possible to resume final negotiations and to conclude a Convention as soon as possible. He will also request your Government to make provision for such further postponement of litigation against these two Canadian corporations as may be necessary, in order to prevent their position from being prejudiced.

Accept etc.

O. D. SKELTON for the . . .

599.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

TELEGRAM 34

Ottawa, May 18, 1939

Your telegram Code No. 44, May 5th, 1939.<sup>1</sup> My telegram, Code No. 14, February 17, 1939,<sup>1</sup> Double Taxation negotiations.

<sup>1</sup>Non reproduits/not printed.

Have ascertained that the French fiscal authorities have given Royal Bank and Canadian Pacific adjournments until October. There is, therefore, no need to press for decision.

It had been contemplated that negotiations with the United States referred to in telegram No. 14 would have reached a position in which decisions on essential questions of policy would have been made before the end of this month. Conferences had been arranged in Washington for this month, but it became necessary to postpone them yesterday, owing to unexpected and unanticipated Parliamentary situation here preventing Deputy Minister of Finance from leaving Ottawa.

It is desirable, therefore, if question is raised by French authorities that you should inform them that the date upon which you will be in a position to give definite indication as to the extent to which the Canadian Government may be able to comply with the French Government's proposals may be delayed to a date somewhat later than the end of May.

600.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

DESPATCH 240

Paris, June 23, 1939

Sir,

With reference to your telegram No. 14, dated 18th [sic-17th] February, 1939, concerning negotiations on Double Taxation, I have the honour to send you, herewith, three copies of a Note just received from the French Foreign Affairs [sic] in reply to our despatch of February 23rd,<sup>1</sup> transmitting the substance of your telegram to the French Government.

As you will see, the cases of the Canadian Pacific Railway and the Royal Bank of Canada will not be heard before October next.

I have etc.

GEORGE P. VANIER

[PIÈCE JOINTE/ENCLOSURE]

*Le ministère des Affaires étrangères de France à la légation en France*  
*French Ministry of Foreign Affairs to Legation in France*

Paris, le 20 juin 1939

Le Ministère des Affaires Étrangères a l'honneur de faire savoir à la Légation de CANADA, en réponse à sa note du 23 février dernier, qu'il n'a

<sup>1</sup> Non reproduite/not printed.

pas été possible au Ministère des Finances d'accorder de sursis à la Royal Bank of Canada et à la Canadian Pacific Railways actuellement débitrices envers le Trésor français.

De tels sursis ne pourraient être accordés, comme l'a demandé la Légation, en considération de la Convention fiscale à intervenir entre les deux Gouvernements, que si les pourparlers étaient suffisamment avancés pour qu'apparaisse comme certaine la conclusion d'un accord portant à la fois sur les doubles impositions et sur l'assistance administrative.

Le Ministère ajoute que pour ce qui est des deux sociétés susvisées, les procès les concernant n'ont pas encore été appelés à l'audience.

Désireuse de donner dans toute la mesure du possible satisfaction au désir exprimé par la Légation, l'Administration française ne demandera pas l'inscription de ces procès au rôle avant les vacances judiciaires; mais ce délai est octroyé à titre tout à fait exceptionnel et ne pourra, en aucun cas, être renouvelé.

601.

*Le commissaire, la Gendarmerie royale du Canada  
au sous-secrétaire d'État aux Affaires extérieures*

*Commissioner, Royal Canadian Mounted Police  
to Under-Secretary of State for External Affairs*

Ottawa, June 23, 1939

Dear Doctor Skelton,

CO-OPERATION WITH ST. PIERRE ET MIQUELON AND  
FRENCH WEST INDIES

Further to my letter of the 17th instant,<sup>1</sup> we have just received a report from the Officer Commanding at Halifax, forwarding copies of a report submitted from an authentic source regarding smuggling from St. Pierre into Canada.

2. Your attention is directed to page one, paragraph two, of the attached report,<sup>1</sup> wherein an accusation is made that alcohol is being shipped out of the Islands with the full knowledge of the officials.

3. Owing to the fact that there are Regulations existing in the Islands to curtail the shipment of alcohol from that colony intended to be smuggled into Canada, a very strong feeling exists here that the officials on the Islands are not carrying out their duties as intended by the Government of France. This statement is made for the reason that St. Pierre et Miquelon are known to have been the rendezvous for men who are concerned in this illegal traffic and because warrants are held in Nova Scotia for the arrest of certain residents of the Islands who have in the past been connected with persons convicted or suspected of rum running into the Maritimes.

<sup>1</sup> Non reproduits/not printed.

4. The most important part of this information is contained on page two, paragraph three, alleging that alcohol not fit for human consumption has been shipped.

5. You are asked to appreciate our position so far as this informer is concerned, whom we are unable to expose to support these statements.

Yours faithfully,

S. T. WOOD

602.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*

*Secretary of State for External Affairs to Minister in France*

DESPATCH 101

Ottawa, August 29, 1939

Sir,

I have the honour to refer to your despatch No. 240, dated 23rd June of this year, and to the general question of the state of negotiations on Double Taxation.

Instructions had been prepared in the form of a draft telegram, to be sent to you, and have been approved by the departments of Finance and National Revenue. In order to avoid the delay that would be involved in recasting the instructions in the form of a despatch, I am enclosing a copy for your information and guidance.

For obvious reasons it would be inappropriate to send these instructions as a telegram, at the present stage. I should appreciate it, therefore, if you would discuss the whole question with the appropriate authorities of the French Government, along the lines suggested in the draft telegram.

I have etc.

O. D. SKELTON for the . . .

[PIÈCE JOINTE/ENCLOSURE]

*Projet de télégramme du secrétaire d'État aux Affaires extérieures  
au ministre en France*

*Draft Telegram from Secretary of State for External Affairs  
to Minister in France*

Ottawa, July 27, 1939

Reference your despatch No. 240 June 23 concerning negotiations on double taxation and my telegram No. 14 February 18 [*sic*-17] both of this year.

After discussion of problems with United States negotiators who were requesting considerations similar to those requested by the French Government, the Canadian Government reached the following conclusions:

(a) that no convention including provisions for judicial assistance can be made effective in this country under existing constitutional powers.

(b) that, while the Canadian Government would be willing to participate in a multilateral convention, adopted by substantially all countries, providing for exchange of fiscal information, it was unable under present circumstances to conclude a bilateral convention involving exchange of information.

You should explain that adoption of the policy of exchange of information would involve a fundamental change in the law and practice of Canada with regard to the confidential character of fiscal information. This country is dependent to a considerable extent upon foreign capital for its development, and it could not imperil its financial needs in this direction so long as other important countries maintained the confidential character of fiscal information.

You should, after expressing our regret at being unable to meet the French request for inclusion of judicial assistance and exchange of fiscal information in the negotiations, intimate our readiness to resume negotiations dealing with double taxation alone.

You might refer to the understanding reached during the discussion of this question by the Prime Minister with Messieurs Blum and Delbos in 1936 and to the understanding expressed in the fifth paragraph of Article 2 the Convention of May 12, 1933; and impress upon the French authorities the desirability of concluding a convention designed to afford relief to French and Canadian taxpayers from the inequitable and burdensome incidence of double taxation.

JAPON<sup>1</sup>  
d. JAPAN<sup>1</sup>

603.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

DESPATCH 5

Tokyo, January 15, 1936

Sir,

I have the honour to advise you that I had a conversation with Mr. Saburo Kurusu, Chief of the Commercial Bureau of the Foreign Office, on Friday the 10th of January 1936. He sought the conversation and in the course of it

<sup>1</sup> Voir aussi le doc. 97/see also doc. 97.

mentioned the agreement which had been concluded between the Governments of Japan and Canada in respect to trade matters. I asked Mr. Kurusu if he was entirely satisfied with the agreement and whether the agreement had been well received by the commercial interests in Japan. He replied that he was entirely satisfied and that the Government had been advised by such commercial interests to accept the proposals of the Canadian Government.

Since my conversation with Mr. Kurusu I have heard from other sources, particularly the Japan-Canada Society in respect to which society I have written you on previous occasions, that the agreement is quite satisfactory to them.

I should add that Mr. Kurusu mentioned that at the meeting of the committee appointed by the Government to discuss the proposed agreement all voted in favour of accepting the Canadian proposals with one single exception.

I have etc.

HERBERT M. MARLER

604.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

TELEGRAM 17

Tokyo, March 24, 1936

Has an Order-in-Council been passed whereby recent Canadian 33½% surtax is to be refunded on all Japanese merchandise imported into Canada during the period August 15th to January 1st?

605.

*Le secrétaire d'État aux Affaires extérieures au ministre au Japon*  
*Secretary of State for External Affairs to Minister in Japan*

DESPATCH 28

Ottawa, March 31, 1936

Sir,

With reference to your telegram No. 17 of March 24th I have the honour to transmit, herewith, for your information, copy of an Order-in-Council of January 11th, 1936,<sup>1</sup> under which provision is made for the refund, in certain cases, of the surtax of 33½% which was levied on Japanese goods.

I have etc.

O. D. SKELTON for the . . .

<sup>1</sup> Voir Décret du Conseil C.P. 84, 11 janvier 1936.  
See Order in Council P.C. 84, January 11, 1936.



UNION SOVIÉTIQUE<sup>1</sup>

e.

SOVIET UNION<sup>1</sup>

606.

*L'adjoint exécutif, la Commission canadienne des pensions  
au sous-secrétaire d'État aux Affaires extérieures  
Executive Assistant, Canadian Pension Commission  
to Under-Secretary of State for External Affairs*

Ottawa, April 30, 1936

Dear Sir,

The Canadian Pension Commission is paying disability pensions to widows who are resident in the U.S.S.R. and it is the practice of the Commission to remit of these pensions only \$10.00 per month either through the Red Cross Society, the nearest British Consulate or some other appropriate agency and to retain the balance of the pension in a trust fund here.

From time to time also policies of insurance under the Returned Soldiers' Insurance Act become payable to beneficiaries who are resident in and nationals of the U.S.S.R.

The Commission would appreciate receiving any information from you in regard to the conditions surrounding the receipt of funds from outside that country by its residents, particularly as to whether these residents receive the full benefit of any such remittances. Any general information which you can give covering this will be greatly appreciated.

Yours faithfully,

H. F. MACDONALD

607.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 134

Ottawa, May 26, 1936

CONFIDENTIAL. URGENT. Please inform Soviet Ambassador that Government desire to discuss development of trade relations and assume such discussions would include consideration of mutual withdrawal of trade embargoes now in effect and examination of ways in which reciprocal trade between Canada and the Soviet Union could be developed to mutual satisfaction. If Soviet authorities are ready to commence discussions with these objectives in mind, it will be possible for a Member of the Cabinet to visit the U.S.S.R. during this summer.

For your information, it is not our intention to conclude any definite commercial arrangement with the U.S.S.R. until we have had an opportunity in

<sup>1</sup> Voir aussi les doc. 261, 263, 264/see also docs. 261, 263, 264.

forthcoming trade discussions in London of discussing with United Kingdom authorities those aspects of present Canada-Soviet trade relations which might directly affect British trade with Canada.

608.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 204

London, June 10, 1936

SECRET. Your confidential telegram No. 134 of the 26th May, Soviet trade. On the 8th June I saw the Soviet Ambassador and carried out instructions contained in above telegram. The Soviet Ambassador asked whether the Canadian Government proposed to resume diplomatic relations with the Soviet. I pointed out to him that diplomatic relations had never existed between the two countries. Maisky agreed but pointed out that we had formerly received in Canada a Trade Mission from Soviet Russia and asked whether it was now the intention of the Government of Canada to exchange Trade Missions. I replied that I had no reason to believe that this was the intention of the Canadian Government and that their desire was simply to develop trade between the two countries as far as was mutually satisfactory. Soviet Ambassador then stated that the policy of the Soviet was to accompany the establishment of commercial relations with diplomatic relations. I pointed out that Canada had commercial relations with practically all countries but diplomatic relations with only three. Maisky asks whether Canada would receive Soviet Consular Officers which he considers essential to the development of trade between the two countries. I asked him whether Soviet had trade Missions or Consular Officers in Australia and South Africa. It was admitted by him that they did not but said Soviet trade with these countries unimportant but that he felt trade with Canada could not be developed without Soviet Consular representatives in the Dominion.

End of Part 1, Part 2 follows immediately:

Part 2. Soviet Ambassador pointed out that he was giving only personal opinion but would refer matter to Moscow at once and let me know as soon as reply received. Maisky agreed with my suggestion that conversations should be regarded as strictly confidential. I informed him that if it were agreed that trade discussions might take place later it was possible that a member of the Canadian Government might be able to visit Soviet Russia during the summer. From my conversation with the Soviet Ambassador my impression is that if, as is likely, Soviet Government agree to mutual withdrawal of existing embargoes and to enter into trade discussions with Canada, the Canadian Government will be urged to accept either a Soviet Consular Officer or a special Trade Mission.

Message ends.

MASSEY

609.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 221

London, June 19, 1936

The Soviet Ambassador came to see me yesterday and told me he had received word from his Government to the effect that they would accept in principle the proposal that trade relations should be resumed between Canada and the U.S.S.R., also that Soviet would be glad to receive a Canadian Minister this summer to discuss development of trade between the two countries. M. Maisky said, however, that it was the view of his Government that before a Trade Agreement could be negotiated Canada should lift embargo against Soviet imports. He made it quite clear that in the opinion of his Government, Canada, having taken initiative in the matter of embargoes, should act first in lifting them. I pointed out Canada's proposal was that discussions should take place which might lead to lifting of both embargoes, and that presumably if such discussions were mutually satisfactory, both embargoes might be lifted at the same time. I asked Ambassador if I were right in assuming that reception of a Canadian Minister, proceeding to Moscow to discuss trade, would be quite unconditional and would not involve acceptance by Canada of any conditions suggested by M. Maisky on behalf on his Government. He said that was the case—that matters could stand as they are until a Canadian Minister could have the opportunity of an informal discussion with members of his own Government at Moscow.

MASSEY

610.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 228

Ottawa, July 17, 1936

IMMEDIATE. Your telegram No. 278.<sup>1</sup> Following for Dunning and Euler.

Begins:

Your general position in negotiations seems well taken and trust you will be successful on these lines. As regards Russia, your view that not possible for Canada to remain only country maintaining complete embargo on Russian trade and that agreement by Russia to restrict shipments to specified quota might afford solution, appear in line with our discussions. At the same time

<sup>1</sup> Non reproduit/not printed.

it is very essential to bear in mind reaction of Maritime provinces and enquiry might be made as to feasibility of averting direct shipment to that area. Assume any discussion in Russia will be tentative and not made public so that this and other phases can be fully considered on return. Would also suggest exploring possibility of immediate purchase by Russia of Western cattle for shipment to Asiatic Russia. Ends.

611.

*Le ministère des Affaires extérieures  
au ministre du Commerce (à Moscou)*  
*Department of External Affairs  
to Minister of Trade and Commerce (in Moscow)*

TELEGRAM

Ottawa, July 25, 1936

Following from External: Upon receiving your telegram<sup>1</sup> Friday communicated with Ministers in London and Paris. While sympathetic to lifting embargo they think desirable whole government should have opportunity considering factors you mention and weighing carefully effect on existing trade and current negotiations and that short delay therefore reasonable. I had reached same conclusion independently and think colleagues here to whom I have communicated your message would take same view. Not possible to have Council meet in time to communicate with you before 27th. Think, therefore, you should express to Russian government (1) our appreciation of their friendly attitude, (2) intention to give earliest possible consideration in detail and (3) our belief mutually satisfactory arrangement can be reached shortly. I consider you have made splendid progress. Ends.

612.

*Le ministre du Commerce  
au commissaire du Peuple au Commerce extérieur de l'Union soviétique*  
*Minister of Trade and Commerce  
to Soviet People's Commissar for Foreign Trade*

[Ottawa] September 10, 1936

Dear Mr. Rosengoltz,

I beg to confirm having sent to you on September 3 the following telegraphic message:

On behalf of my Government I have the honour to inform you that the Government of Canada have decided to cancel the Order-in-Council of February 27, 1931, pursuant to which the importation into Canada of certain commodities originating in the Union of Socialist Soviet Republics [*sic*] was prohibited.

I would appreciate an immediate acknowledgement by telegram.

<sup>1</sup> Non reproduit/not printed.

I should be glad to receive from you confirmation of the telegraphic message which you have sent to me in reply to the above communication.

Yours very truly,  
W. D. EULER

613.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 342

London, September 14, 1936

CONFIDENTIAL

Sir,

With reference to your despatch No. 124 of the 2nd May,<sup>1</sup> I have the honour to transmit to you a copy of an extract from a confidential despatch from His Majesty's Minister at Moscow regarding the payment of pensions to Canadian pensioners resident in the Union of Soviet Socialist Republics.

I have etc.  
MALCOLM MACDONALD

[PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur de Grande-Bretagne en Union soviétique*  
*au secrétaire d'État aux Affaires étrangères de Grande-Bretagne*  
*British Ambassador in Soviet Union*  
*to British Secretary of State for Foreign Affairs*

DESPATCH 439

Moscow, July 25, 1936

CONFIDENTIAL

With reference to your despatch No. 336 (K.6076/6076/238) of the 15th June,<sup>1</sup> I have the honour to inform you that the Canadian pensioners in this country are paid through the Soviet Red Cross. Complaints recently received by His Majesty's Consulate from some of them indicate that they do not receive the full benefit of the remittances made to them. The Consulate, on the other hand, pay Australian pensions direct; but the recipients

<sup>1</sup> Non reproduite/not printed.

are in no better case, for the sterling bills which are sent them are changed by the bank at the official rate of twenty five roubles to the £.

It is certainly deplorable that we should be obliged to pay 75% of these pensions to the Soviet Government, and that is what is happening at the moment, owing to the artificial rate of the rouble. I do not, however, know of any alternative which is not open to criticism on one ground or another.

[CHILSTON]

614.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 361

Ottawa, September 3, 1937

Please request Soviet Ambassador in London to transmit to S. K. Sudyin, Acting Peoples Commissar for Foreign Trade, Moscow, following message from Honourable W. D. Euler, Minister of Trade and Commerce.

Begins: With the resumption of normal trade relations between our two countries, following the cancellation of the embargoes which each country had imposed on the products of the other, I would like to propose to you that these trade relations should be further strengthened by the conclusion of a trade arrangement based upon an exchange of notes.

My Government would be willing to extend to goods, the produce or manufacture of the Union of Soviet Socialist Republics, most-favoured-nation treatment in tariff matters on importation into Canada in exchange for a written guarantee from your Government that Soviet purchases of Canadian goods would amount to \$10,000,000 in a coming twelve months' period. This arrangement could be concluded for one year and could be extended for a further year if both parties agree thereto two months before the expiration of the year.

If you are agreeable to this proposal I should be glad to submit draft exchange of notes for your consideration.

This proposal is based on the trade arrangement now existing between your Government and that of the United States. The granting of most-favoured-nation treatment to Soviet products would be an assurance of favourable tariff treatment during the period the arrangement is in force. So long as Soviet products are subject to the General Tariff, which is now applicable to very few important trading nations, there is always the possibility of higher duties being introduced for Soviet products than are

applicable to the products of other foreign countries. I, therefore, consider that it would be to the advantage of your Government to agree to the proposal outlined in this telegram.

W. D. EULER. Ends.

615.

*Le commissaire du Peuple au Commerce extérieur de l'Union soviétique  
au ministre du Commerce*

*Soviet People's Commissar for Foreign Trade  
to Minister of Trade and Commerce*

Moscow, June 4, 1938

Dear Sir,

I refer to your proposal in regard to trade arrangement between Canada and the Soviet Union and am sending herewith a draft letter on the basis of which, I think, it should be desirable to effect an exchange of letters on trade relations between the two countries.

Yours sincerely,

E. D. TCHVIALEV

[PIÈCE JOINTE/ENCLOSURE]

*Projet de lettre du commissaire du Peuple au Commerce extérieur  
de l'Union soviétique au ministre du Commerce*

*Draft Letter from Soviet People's Commissar for Foreign Trade  
to Minister of Trade and Commerce*

Moscow, June , 1938

Sir,

With reference to your proposal to conclude a trade agreement between Canada and the Union of Soviet Socialist Republics for the purpose of further facilitating trade relations between the two countries, I have the honour to confirm by this letter the following agreement which has been reached between the Governments of our respective countries:

1. The Government of Canada will grant to the Union of Soviet Socialist Republics unconditional and unrestricted most-favoured-nation treatment in all matters concerning customs, duties and charges of every kind and in the method of levying duties, and further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations effecting [*sic*] the sale of imported goods within the country.

Accordingly, natural or manufactured products having their origin in the Union of Soviet Socialist Republics shall in no case be subject, in regard to

the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products having their origin in any third country are or may hereafter be subject.

Similarly, natural or manufactured products exported from the territory of Canada and consigned to the territory of the Union of Soviet Socialist Republics shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duty, taxes, or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products when consigned to the territory of any third country are or may hereafter be subject.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by the Government of Canada in regard to the above-mentioned matters to a natural or manufactured product originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like product originating in or consigned to the territory of the Union of Soviet Socialist Republics.

2. On its part the Government of the Union of Soviet Socialist Republics will take steps in order that the amount of purchases in Canada for export to the Union of Soviet Socialist Republics of goods the growth, produce or manufacture of Canada in the course of the next year should be at least five million dollars, prices and other conditions being reasonable.

3. This agreement shall come into force on the ..... 1938. It shall continue in effect for twelve months. It may be extended for another year if both parties agree to it not less than two months prior to the expiration of the aforesaid period of twelve months.

E. D. TCHVIALEV

616.

*Le ministre du Commerce*  
*au commissaire du Peuple au Commerce extérieur de l'Union soviétique*  
*Minister of Trade and Commerce*  
*to Soviet People's Commissar for Foreign Trade*

Ottawa, August 9, 1938

Dear Sir,

Your letter of June 4th last, enclosing a draft Agreement between Canada and the Soviet Union for the extension of trade between the two countries, has been received and, with one or two qualifications (which I trust will prove acceptable to you) is satisfactory to the Canadian Government.

You will observe that we have included a paragraph exempting from the scope of the Most-favoured-nation treatment the preferences which Canada



accords to other parts of the British Empire. This exemption is accepted by all other countries with which we have Most-favoured-nation arrangements.

There is, also, the usual provision to protect the health and welfare of the Canadian people, animal and plants and, further, one affecting the exportation and importation of gold or silver and the exportation of military supplies.

The Canadian Government further assumes that the conclusion of the Trade Agreement covered by the proposed exchange of notes will not affect the declarations of the Russian Export Coal Trust on September 14, 1936.

If the terms of the attached draft letter are satisfactory I shall be glad if you will indicate the date on which the Agreement should come into force, whereupon the necessary steps may be taken to affect [*sic*] the necessary exchange of notes.

Yours truly,

W. D. EULER

[PIÈCE JOINTE/ENCLOSURE]

*Projet de lettre du ministre du Commerce  
au commissaire du Peuple au Commerce extérieur de l'Union soviétique*

*Draft Letter from Minister of Trade and Commerce  
to Soviet People's Commissar for Foreign Trade*

Ottawa, , 1938

Sir,

With reference to your proposal to conclude a Trade Agreement between Canada and the Union of Soviet Socialist Republics for the purpose of further facilitating trade relations between the two countries, I have the honour to confirm by this letter the following agreement which has been reached between the Governments of our respective countries:

1. Canada will grant to the Union of the Soviet Socialist Republics unconditional and unrestricted most-favoured-nation treatment in all matters concerning customs duties and charges of every kind in the method of levying duties, and, further, in all matters concerning the rules, formalities, charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

Accordingly, natural or manufactured products having their origin in the Union of Soviet Socialist Republics shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products having their origin in any third country are or may hereafter be subject.

Similarly, natural or manufactured products exported from the territory of Canada and consigned to the territory of the Union of Soviet Socialist

Republics shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes, or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products when consigned to the territory of any third country are or may hereafter be subject.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by Canada in regard to the above mentioned matters, to a natural or manufactured product originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like product originating in or consigned to the territory of the Union of Soviet Socialist Republics.

It is understood that the advantages now accorded or which may hereafter be accorded by Canada exclusively to other territories under the sovereignty of His Majesty the King of Great Britain, Ireland, and the British dominions beyond the Seas, Emperor of India, or under His Majesty's suzerainty or protection, shall be excepted from the operation of this Agreement.

Nothing in this agreement shall be construed to prevent the adoption of measures prohibiting or restricting the exportation or importation of gold or silver, or to prevent the adoption of such measures as the Government of Canada may see fit with respect to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional cases, all other military supplies.

Subject to the requirement that no arbitrary discrimination shall be effected by Canada against importations from the Union of Soviet Socialist Republics and in favour of those from any third country, the foregoing provisions shall not extend to prohibitions or restrictions (1) imposed on moral or humanitarian grounds, (2) designed to protect human, animal, or plant life, (3) relating to prison-made goods, or (4) relating to the enforcement of police or revenue laws.

2. On its part the Government of the Union of Soviet Socialist Republics will take steps to arrange that the amount to [sic] purchases in Canada for export to the Union of Soviet Socialist Republics of articles the growth, produce or manufacture of Canada during the course of the next twelve months shall be at least five million dollars, provided that the prices and other conditions offered by Canadian individuals or companies shall not be unduly greater or more onerous than the prices and other conditions offered for the like articles by individuals or companies in other competing countries.

3. This agreement shall come into force on \_\_\_\_\_ 1938. It shall continue in effect for twelve months. The agreement may be extended for a further period of twelve months if both parties agree thereto not less than two months prior to the expiration of the aforesaid period of twelve months.

W. D. EULER

617.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

DESPATCH 117

Ottawa, May 29, 1939

CONFIDENTIAL

Sir,

I have the honour to request your assistance in obtaining information regarding the operation of the exchange regulations of the U.S.S.R. This request arises out of an enquiry received from the Workmen's Compensation Board of the Province of Ontario, which is anxious to know whether pension payments sent to pensioners resident in the U.S.S.R. would in fact be made wholly available to the persons directly concerned. According to confidential despatch No. 439 of July 25th, 1936, from Viscount Chilston to Mr. Eden, an extract from which was sent under cover of Mr. Macdonald's confidential despatch No. 342 of September 14, 1936, the exchange regulations operated to deprive recipients of pensions of approximately 75 per cent of the sums due to them. I should be grateful to know whether the regulations have been relaxed.

The Workmen's Compensation Board of Ontario would also like to know whether, if Soviet pensioners came to reside in Canada, the Soviet Government would allow money to be sent to them. Perhaps in obtaining information on this question, you would be so good as to obtain an indication of the general regulations affecting the export of foreign exchange from the U.S.S.R. for other than commercial purposes.

Any information that you may be able to supply on the points raised in this despatch will be greatly appreciated.

I have etc.

O. D. SKELTON for the . . .

618.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 193

London, August 8, 1939

CONFIDENTIAL

Sir,

With reference to your Confidential despatch No. 117 of the 29th of May, I have the honour to transmit the accompanying copy of a despatch from His Majesty's Representative at Moscow regarding the operation of Soviet exchange regulations.

I have etc.

T. W. H. INSKIP

[PIÈCE JOINTE/ENCLOSURE]

*L'ambassadeur de Grande-Bretagne en Union soviétique  
au secrétaire d'État aux Affaires étrangères de Grande-Bretagne*

*British Ambassador in Soviet Union  
to British Secretary of State for Foreign Affairs*

DESPATCH 209

Moscow, July 15, 1939

My Lord,

With reference to your despatch No. 502 (N.3045/2035/38) of the 29th June last, regarding the operation of Soviet exchange regulations, I have the honour to inform Your Lordship that the position in regard to the payment of Canadian pensions is still as described in Lord Chilston's despatch No. 439 of July 25th, 1936.

2. The State Bank still maintains a one-way traffic in exchange i.e. from foreign currency to roubles, and keeps to an artificial rate which "fluctuates" between 24 and 26 roubles to the £. All monies arriving from abroad are paid out at these rates. This artificial rate is, of course, detrimental to the true interests of pensioners and others. A Canadian pensioner receiving 10 dollars a month is paid approximately roubles 52 (for this sum he can purchase about 2½ kilos of butter). Complaints are received from time to time from pensioners that roubles 52 is inadequate. There would appear, however, to be no remedy for these shameless transactions.

3. As regards Soviet pensions payable abroad, according to the Financial and Economic Bulletin No. 24 of August 30th, 1938 (page 28), if a Soviet citizen goes abroad he is paid six months' pension in advance and whilst abroad the pension ceases.

4. The export of foreign exchange from the U.S.S.R. is in general forbidden for other than commercial purposes. There are certain rare exceptions to this rule and each case is considered individually by the Special Valuta Commission of the Commissariat for Finance.

I have etc.

WILLIAM SEEDS

619.

*Le commissaire du Peuple au Commerce extérieur de l'Union soviétique  
au ministre du Commerce*

*Soviet People's Commissar for Foreign Trade  
to Minister of Trade and Commerce*

Moscow, August 13, 1939

Dear Sir,

Returning this draft which has been received in good time, concerning the Trade Agreement between the Union of the Soviet Socialist Republics, with

some qualifications, I have the honour to state on behalf of my Government that we agree to conclude the Trade Agreement under the form of Notes exchange, herewith enclosed, of the People's Commissar for Foreign Trade of the U.S.S.R. and Minister for Trade and Commerce of Canada.

You will observe that I have completed the provision affecting the exportation and importation of gold and silver and exportation of military supplies with one qualification (penultimate paragraph of the Article I).

We insist that this provision will affect the U.S.S.R. as well as will be extended by Canada to all the countries.

Comparing further the last paragraph or [*sic*] the Article I of Your draft, concerning the cases of prohibition and restriction of exportation and importation with the similar articles of the Trade Agreement between Canada and other countries, I have found that in the most satisfactory form for the U.S.S.R. this paragraph is exposed in Trade Agreement between Canada and Poland of June 3, 1935.

Therefore, I suggest, with your permission, to expose abovementioned article in lightly [a]mended exposition in comparison with the exposition of your draft.

If the clauses of this draft are favourable for you, I agree to indicate the date of the entrance in force of this Agreement on October 1st, 1939.

I shall be glad if you inform me about time, place and conditions of the Notes exchange desirable for you.

Accept etc.

A. I. MIKOYAN

[PIÈCE JOINTE/ENCLOSURE]

*Projet de lettre du commissaire du Peuple au Commerce extérieur  
de l'Union soviétique au ministre du Commerce*

*Draft Letter from Soviet People's Commissar for Foreign Trade  
to Minister of Trade and Commerce*

[Moscow, , 1939]

Excellency,

With reference to the letters exchanged in connection with trade between the Union of Soviet Socialist Republics and Canada, I have the honour on behalf of the Government of the Union of Soviet Socialist Republics, to confirm and consolidate the following agreement which has been reached between the Governments of our respective countries:

1. Canada will grant to the Union of the Soviet Socialist Republics unconditional and unrestricted most favoured nation treatment in all matters concerning customs duties and charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities,

charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

Accordingly, natural or manufactured products exported from the territory of the Union of Soviet Socialist Republics and consigned to the territory of Canada shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products having their origin in any third country are or may hereafter be subject.

Similarly, natural or manufactured products exported from the territory of Canada and consigned to the territory of the Union of Soviet Socialist Republics shall in no case be subject with respect to exportation and in regard to the above mentioned matters, to any duties, taxes, or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like products when consigned to the territory of any third country are or may hereafter be subject.

Any advantage, favour, privilege or immunity which has been or may hereafter be granted by Canada in regard to the above mentioned matters, to a natural or manufactured product originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like product originating in or consigned to the territory of the Union of Soviet Socialist Republics.

It is understood that the advantages now accorded or which may hereafter be accorded by Canada exclusively to other territories under the sovereignty of His Majesty the King of Great Britain, Ireland, and the British dominions beyond the Seas, Emperor of India, or under His Majesty [*sic*] suzerainty or protection, shall be excepted from the operation of this agreement.

Nothing on [*sic*] this agreement shall be construed to prevent the adoption of measures prohibiting or restricting the exportation or importation of gold or silver, or to prevent the adoption of such measures as the Government of Canada may see fit with respect to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional cases, all other military supplies. Provided, that all above mentioned prohibitions or restrictory [*sic*] shall be applicable in respect of any third country.

Subject to the requirement that no arbitrary discrimination shall be effected by Canada against importation from the Union of Soviet Socialist Republics and in favour of those from any third country, the foregoing provisions shall not extend to prohibitions or restrictions;

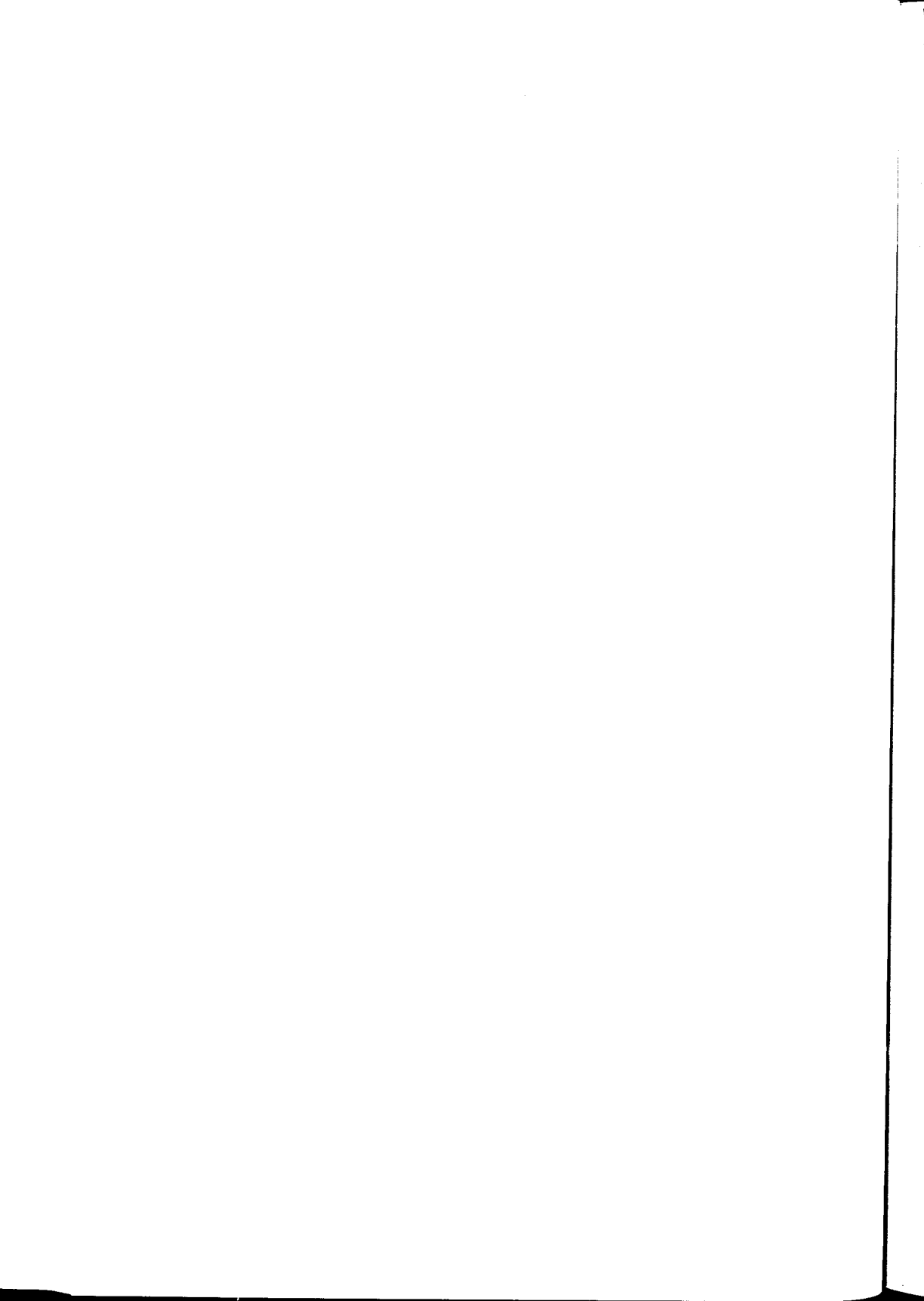
- a) relating to the guard of public order as well as to internal or external State security,
- b) designed to protect human, animal or plant life from diseases.

2. On its part the Government of the Union of Soviet Socialist Republics will take steps to arrange that the amount of purchases in Canada for export to the Union of Soviet Socialist Republics of articles the growth, produce or

manufacture of Canada during the course of the next twelve months shall be at least five million dollars, provided, that the prices and other conditions offered by Canadian individuals or companies shall not be unduly greater or more onerous than the prices and other conditions offered for the like articles by individuals or companies in other competing countries.

3. This agreement shall come into force on October 1st, 1939. It shall continue in effect for twelve months. The agreement may be extended for a further period of twelve months if both parties agree thereto not less than two months prior to the expiration of the aforesaid period of twelve months.

A. I. MIKOYAN





CHAPITRE V / CHAPTER V

RÉFUGIÉS  
REFUGEES

620.

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre des Mines et des Ressources*

*Under-Secretary of State for External Affairs  
to Deputy Minister of Mines and Resources*

Ottawa, March 26, 1938

Dear Dr. Camsell,

Yesterday afternoon the United States Legation handed us a Memorandum, of which I enclose a copy, asking whether the Canadian Government would co-operate with their Government in setting up a special committee for the purpose of facilitating emigration of political refugees from Austria and Germany. The financing of the emergency immigration involved would be undertaken by private organisations within the respective countries admitting such refugees. A despatch from Washington in this morning's papers indicates that it is proposed to extend the project to others besides Austrians and Germans.

I write to suggest that the Immigration Branch furnish a memorandum showing what this project would involve as regards our immigration laws and regulations and what practical questions would arise for the consideration of the Government. It might also be useful to have any available information as to the practice pursued in recent years regarding the admission of political refugees.

I believe this should be regarded as a matter of some emergency.

Yours sincerely,

L. C. CHRISTIE for the . . .

[PIÈCE JOINTE/ENCLOSURE]

*Mémemorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

Ottawa, March 25, 1938

Under instructions from the United States Government, the Legation has the honor to inquire as to whether the Canadian Government would be willing to cooperate with the Government of the United States in setting up

<sup>1</sup> De la légation des États-Unis/by United States Legation.

a special committee composed of representatives of a number of Governments for the purpose of facilitating the emigration from Austria, and presumably from Germany, of political refugees.

It is the idea of the United States Government that, whereas such representatives would be designated by the Governments concerned, any financing of the emergency immigration referred to would be undertaken by private organizations within the respective countries. It should be understood that no country would be expected or asked to receive a greater number of emigrants than is permitted by its existing legislation.

As soon as enough replies have been received to warrant going ahead the President contemplates appointing a representative who would proceed abroad without delay to meet with the rest of the committee. It is suggested merely as a matter of convenience that the first meeting be held in some Swiss city as being centrally located.

It should be made clear that in making this proposal the Government of the United States in no sense intends to discourage or interfere with such work as is already being done on the refugee problem by the Immigration Bureau of the International Labor Office or by any other existing agencies. It has been prompted to make the present proposal because of the urgency of the problem with which the world is faced and the necessity of speedy co-operative effort under governmental supervision if widespread human suffering is to be averted.

621.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

Ottawa, March 28, 1938

HON. MR. CRERAR

Mr. Jolliffe and I have been discussing the issues involved in the memorandum of the 25th from the U.S. Legation here to External Affairs.

The reference at the close of the second paragraph is to the United States Quota Law and has no application, so far as we are aware, to any other immigration country. The United States by their Act of 1924 fixed certain quotas not of racial origin but from countries of birth. Because the Jew can organize his affairs better than other people he has managed to fill most of the quotas from certain countries. Unless the U.S. people have unfilled quotas they cannot do anything extra for Jewish people.

The first important matter is to decide whether Canada can afford to open the door to more Jewish people than we are now receiving. That of course is a matter of policy to be decided by Government.

If the decision is in favour of admission, then the next question is representation on the Committee which is to be set up. I notice Washington sug-

<sup>1</sup> F. C. Blair, le directeur de l'Immigration, au ministre des Mines et des Ressources.  
F. C. Blair, Director of Immigration, to Minister of Mines and Resources.

gests a meeting in Switzerland. The International Labour Office of the League of Nations has been struggling with this for some time. It is not clear why this meeting is apparently to be held outside the League unless it is due to U.S. relationship to the League.

If we have to be represented at that meeting the best course is to have Mr. Little attend the meeting from London. Whoever goes will not be able to commit our Government to any course of action, but will have to refer it back here. It is not clear to us what value such a Committee meeting will be. If, for example, our Government decides to admit 500 of these refugees—it should be limited to Germany and Austria and to refugees—all that it is necessary to do is to put the wheels in motion and admit them. What is done in the United States or the British Isles is not very important to us unless as a matter of example.

In the covering memorandum from External Affairs,<sup>1</sup> I notice it is proposed to extend the project to others besides Austrians and Germans. This probably means that there is going to be a general Jewish drive for admission to other countries. I noticed in the press a few days ago that the United Kingdom Government announced that they do not intend to change their regulations governing the admission of these refugees but will show sympathetic consideration where possible. I think that is a good course for Canada now.

While the memoranda refer to "political refugees" we assume that they are mainly Jewish people who will be citizens of Germany or Austria. It is possible, however, that some of them will be Russian or other refugees without any recognized nationality and if that should arise great care must be taken in dealing with them. Ever since the War efforts have been made to get these refugees into Canada and we have fought all along to protect ourselves against the admission of stateless persons without passports for the reason that coming out of the maelstrom of War some of them are liable to go on the rocks and when they become public charges in Canada we have to keep them for the balance of their lives. It is not likely that either Germany or Austria, or any other country for that matter, will take political refugees back once they are admitted to this country.

622.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires des États-Unis*

*Secretary of State for External Affairs  
to United States Chargé d'Affaires*

No. 42

Ottawa, April 26, 1938

I have the honour to refer to the Memorandum of the 25th ultimo received from the United States Legation, in which the Government of the

<sup>1</sup> Probablement le doc. 620/presumably doc. 620.

United States enquired whether the Canadian Government would be willing to co-operate in setting up a special Committee to facilitate the migration from Austria and presumably from Germany, of political refugees. It was indicated that in the view of the United States Government any financing required would be undertaken by private organizations and no country would be expected to receive a greater number of refugees than is permitted by its existing legislation.

The Canadian Government shares the sympathy and concern of the Government of the United States for the victims of changes of regime and of racial and class conflicts not only in the countries to which reference is made, but in many other countries as well. It is, however, a question for consideration how far encouragement should be given to any country to endeavour to throw upon other countries the task of solving its internal difficulties or responsibility for the results of the policies it adopts.

While the economic depression and changing conditions have made it necessary in recent years to limit immigration to such numbers as could be absorbed without materially increasing the difficulties of this period of political and economic readjustment, Canada has continued to deal sympathetically with applications for admission, having regard mainly to family relationships and settlement opportunities. Existing immigration regulations make no provision for quotas or special exemptions for any particular racial or other group. In recent years the admission of immigrants from Europe has been made more difficult owing to restrictions imposed by the state of origin, resulting frequently in refugees being presented for acceptance without funds or recognized nationality.

The Canadian Government, while reserving fully the decision as to future policy on the subject of immigration, will be prepared to take part in the work of the proposed committee with a view to the freest exchange of information on the present situation and consideration of the problems which it involves.

Accept etc.

W. L. MACKENZIE KING

623.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 6, 1938

When a suitable opportunity occurs, it would seem desirable to restate our position with respect to accession to the Convention of October 28th, 1933,

<sup>1</sup> J. S. Macdonald à/to O. D. Skelton.

relating to the International Status of Refugees. The Immigration Branch—and we have transmitted their views to the Nansen International Office for Refugees, which is under the authority of the League of Nations—has declined to accede to the Convention on two rather dubious grounds. It pointed out that the Nansen Certificate did not obligate the issuing country to receive a refugee if later he or she were deported from Canada. This was true but not relevant since the Convention did not impose any obligation on Canada to receive refugees. Objection was also taken on the general ground that “it would appear inexpedient for the Canadian Government to encourage a movement of refugees to Canada whose admission, even in normal times, would present considerable difficulties.” The reception of refugees fleeing from persecution of various kinds, could not, of course, be carried out at all without involving “considerable difficulties” for the countries willing to sacrifice something for this humanitarian ideal. This is not to argue that Canada has a duty to receive refugees. Indeed a strong case can be made out against thus assisting dictatorships of the right and left from getting rid of their adversaries at home. Moreover the purpose of the Convention was not to encourage a movement of refugees to Canada, but rather to deal with the status of refugees in the countries in which they are located. The refusal of our immigration authorities might be put on better grounds.

624.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires par intérim des États-Unis*

*Secretary of State for External Affairs  
to United States Chargé d'Affaires ad interim*

No. 66

Ottawa, June 4, 1938

Sir,

I have the honour to refer to your note No. 703 of May 25th,<sup>1</sup> regarding the special committee on political refugees, and to state that the proposal that the committee should convene at Evian, France, on July 6th, 1938, is entirely satisfactory to the Canadian Government. The Canadian Government will appoint as its representative Mr. Hume Wrong, Permanent Delegate to the League of Nations at Geneva, and as technical adviser Mr. W. R. Little, Commissioner of European Emigration, London.

Accept etc.

O. D. SKELTON for the . . .

<sup>1</sup> Non reproduite/not printed.

625.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources  
au commissaire de l'Émigration européenne*

*Director of Immigration, Department of Mines and Resources  
to Commissioner of European Emigration*

Ottawa, June 6, 1938

CONFIDENTIAL

Dear Mr. Little,

I cabled you on the 4th instant in code as follows:

You have been appointed technical adviser to Hume Wrong to attend Refugee Conference to be held Evian near Geneva beginning 6th July. Full information being sent by mail.

The object of the present letter is to give you a background so far as this Department is concerned, that will be useful in your co-operation with Mr. Hume Wrong appointed by the Dominion Government as Representative on the Special Committee which will deal with political refugees.

The establishment of this Committee and our participation in this work arose out of a somewhat general invitation from Washington addressed mainly I think to immigration countries for the discussion of a special or extra effort on behalf of political refugees from Austria and presumably also from Germany. It was intimated in the invitation that no country would be expected to receive a greater number of migrants than is permitted under its existing legislation, that any financing of this emergency migration would have to be undertaken by private organizations within the immigration countries and that the proposal was not intended to interfere with such work as is already being carried on by the Committee on Refugees of the International Labor Office of the League of Nations.

From your familiarity with immigration problems and the trend of events since the rise of the Nazi power in Germany, you will immediately conclude that what this special Committee will have to deal with is mainly political refugees of the Jewish or Hebrew race. Your acquaintance with the issues, some of them largely peculiar to Jewish immigration, makes it unnecessary that I discuss at any length Canada's powers of absorption of these people. The pressure of Jewish people here and in Europe, to secure entry is probably greater today than at any time in our history and this applies not only to political refugees but to those from Poland, Roumania, Hungary and other European States outside Nazi influence. In being represented at the Conference, it is believed we will secure valuable information and may be able to make some useful contribution to the discussions of the Committee.

The refugee problem is not a new one to this Department. You will recall that in September 1923 when the late James A. Robb was our Minister, the Jewish people of this country secured consent to bring 5,000 Jewish

refugees from Roumania and this number was very considerably exceeded. You may remember that when about two-thirds of them had arrived, it was found that some individuals here, probably more interested in making money out of their distressed fellow-Jews than in carrying out the arrangement for the settlement of these refugees, were selling the permission to Jewish people destined to the United States and thus to an extent making Canada a back door to that country. For several years that refugee movement continued and I suppose that we received upwards of 7,000 of these people.

Then you will recall the movement of Russian refugees which was mainly from Manchuria. These were mostly destined to land settlement. A limited number came from the region of Constantinople. There were also small movements of Jewish refugee children not connected in any way with the concession arranged by the Honourable Mr. Robb. A number of Armenian refugees were received and at a later date some hundreds of Mennonites. We estimate that altogether, between 1920 and 1930, we received at least 10,000 refugees.

With the change in the Immigration Regulations that took place in August 1930, immigration from Europe was very much restricted and outside of these classes:

- (a) Farmers with capital
- (b) Wives and children with family heads here, and
- (c) Fiances

all those admitted from Europe had to be named in special Orders-in-Council.

To show the extent to which Canada extended special consideration to Jewish immigrants admitted by special Orders-in-Council, the following figures are supplied for the calendar years 1931 to 1937 inclusive. In the first column is given the total admissions of all races and in the second column the Jewish admissions, which are of course included in the total.

	<i>Total</i>	<i>Jewish</i>
1931	458	22
1932	746	166
1933	1,357	637
1934	520	152
1935	1,059	525
1936	819	284
1937	759	197
	<hr/>	<hr/>
	5,718	1,983
	<hr/>	<hr/>

When you consider that the Jewish population of Canada is one of the minor groups, it must be recognized that we have shown Jewish people special consideration in giving them approximately 35% of the total Order-in-Council cases.

In an examination of the U.S. Immigration figures for their fiscal year ended 30th June 1937 it is noted that their annual quota for Europe was 150,501 and the number of quota immigrants admitted from Europe in that year was 26,654. It is quite apparent that so far as the U.S. quota is concerned there is ample room for the admission of refugees within the limits of their present regulations. As we have no quota any admission of Jewish or other refugees not coming within the three classes above mentioned whose admission is provided for in P.C. 695, must be by Order-in-Council.

I had our statistician prepare the following table showing the ratio of Jewish immigration to Jewish population for both Canada and the United States from 1931 to 1937 inclusive, also the number of Jewish immigrants admitted year by year.

	<i>Canada per 1,000</i>	<i>United States per 1,000</i>
1931	21.828	1.346
1932	4.141	.652
1933	4.926	.561
1934	6.017	.978
1935	3.981	1.144
1936	5.615	1.479
1937	3.950	2.685
Average for above period	7.208	1.263

*Jews Admitted Year by Year*

	<i>U.S.A.</i>	<i>Canada</i>
1931	5,692	3,421
1932	2,755	649
1933	2,372	772
1934	4,134	943
1935	4,837	624
1936	6,252	880
1937	11,352	619

Although in recent years conditions in Canada have necessitated the limitation of immigration in various directions, we have continued to deal sympathetically with applications for the admission of distressed persons in Europe having regard mainly to family relationships and settlement opportunities. For some time past we have been encouraging as far as possible the reunion of families in Canada and at the same time have been discouraging the separation of families overseas. Where most of the members of a family



are in this country (by family we mean parents and children) we endeavour to secure the authority of Council for the admission of elderly parents or individual members of a family left in Europe. We have to deal with many applications for the admission of nephews, nieces, cousins and other relatives of a more remote degree and these are discouraged.

I suppose there may be some ground for fearing that a successful effort on the part of immigration countries in finding homes for the political refugees of Austria and Germany, may encourage other States to adopt repressive measures towards unwanted minorities in the expectation or hope that these would also be received by those countries now invited to co-operate in finding homes for political refugees.

It is understood that while taking part in the work of the Committee with a view to the freest exchange of information on the present situation and the problems it involves, we are not prepared to receive any material increase in the number of refugees from Europe but will continue our present policy of sympathetic consideration where circumstances are favourable.

It is apparent that so far as Jewish political refugees are concerned, there is a growing disposition to take from them both capital and citizenship—in our view two essentials of immigration. Without capital there is little hope of absorption in immigration countries and without a recognition of citizenship which will allow return to country of origin in the event of trouble arising shortly after migration, the acceptance of immigrants becomes almost impossible. It is suggested that immigration countries could well afford to stand together in refusing to accept immigrants without either capital or recognized citizenship. The discussion of this problem at the Conference might be useful not only to Canada but to other countries represented and might meet with a good deal of sympathy and lead to some united action.

If the political refugees were of the agricultural class and the matter of capital and citizenship could be adjusted, we could show much greater consideration in their admission to this country. Since Confederation, and indeed before that date, encouragement of immigration has been limited to the agricultural classes. So far as I am aware the Federal Government has never since Confederation carried on propaganda in favour of non-agricultural settlement but has spent millions in efforts to attract settlers to the land and although many thousands of skilled and unskilled workers have been admitted, these have come on their own or on the solicitation of relatives, friends or transportation interests.

Canada still favours immigration for land settlement but does not finance that settlement, hence immigrants must bring their own funds to become established in this country. According to the census of 1931 about 1½% of our Jewish population was connected in some way with agricultural pursuits. It is a curious fact in view of the present relations existing between German and Jew that the former should be at the top of the agricultural list and the latter at the bottom.

It is scarcely necessary to say that no commitment of quota or numbers should be made. We desire that our general sympathetic and friendly attitude to the problem should be known also our willingness to co-operate. Conditions over which we have little or no control place a restriction upon numbers and classes. The past record speaks for itself but it may be necessary to make the record known.

In the Conference discussions, note might well be taken of the following:

(a) The experience of other immigration countries which have admitted or are admitting political refugees, with reference to settlement or absorption;

(b) The type or class of refugees whose difficulties the Conference will seek to solve—whether these are of the professional, skilled worker (artisan, etc.), unskilled worker, or agricultural class;

(c) The basis upon which other countries will consider applications, that is to say, whether they will be allowed to join relatives or friends in immigration countries and whether these will be called upon to offer assurances of maintenance and care;

(d) Whether settlement is likely to be mainly in centres of population or otherwise and the probable effect upon the labour market.

One might conclude from the applications that reach us from week to week that there is an impression abroad that the professional classes are in demand here or at least that Canada could well afford to open her doors to a considerable number of these classes who are no longer welcome to pursue their avocations in their own country. Our own educational institutions are turning out many well trained men and women who are dependent upon finding openings in this country.

If and when the matter of passports comes up for discussion it may be useful to point out that so far as Canada is concerned our only objection to the so-called Nansen passport or its equivalent is the fact that with few exceptions it is a one-way document—valid to leave the country of issue but worthless for return to that country. Speaking generally refugee immigration has never been popular here and it presents problems beyond that of ordinary immigration.

I have tried to touch upon the things that will be most useful to you. Your own long and intimate acquaintance with the subject is the very best possible equipment you can have as technical adviser at this Conference. If at any point you would like to consult us further you could either send a cable on receipt of this or cable from Evian as questions arise.

Yours very truly,

F. C. BLAIR

626.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]  
Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

DESPATCH 36

Ottawa, June 11, 1938

Sir,

With reference to your telegram No. 39 of June 9th,<sup>1</sup> respecting the Conference to be held at Evian on July 6th, I may say that I am not yet in receipt of any proposed Agenda, and am rather doubtful whether, in fact, any Agenda will be circulated prior to the meeting. The forthcoming Conference, strictly speaking, is not an International Conference at all, but is rather a meeting of a special Committee, composed of representatives of eighteen or nineteen Governments, for the purpose of facilitating the migration from the former territory of Austria, and presumably from Germany, of political refugees. As it has been convened by the President of the United States, it is to be expected that the United States representative will indicate the lines on which the question will be taken up.

I am enclosing, herewith, for your information, copy of a memorandum of March 25th from the United States Legation at Ottawa, containing the United States proposal and a copy of my Note of April 26th setting forth, in reply, the attitude of the Canadian Government on the proposal. You will note that, while reserving fully the decision as to future policy on the subject of immigration, the Canadian Government has indicated its willingness to take part in the proposed Conference, with a view to the freest exchange of information on the present situation and consideration of the problems which it involves. You will note, also, that it is understood that any financing required will be undertaken by private organizations and that no country will be asked or expected to receive a greater number of refugees than is permitted by its existing legislation.

These various points might be touched upon again in your opening remarks and, while expressing the sympathy and concern of the Canadian Government for the victims of oppression, care should be taken to stress the point that Canada is participating with a view to the exchange of information on the situation and consideration of the problems which it involves. As further information becomes available it may be practicable to set forth specific instructions on particular points. For the present, however, as you will appreciate, it is difficult to do more than outline some of the considerations that may be expected to arise and to indicate briefly the general considerations which it is desirable to keep in mind.

I assume that the first question which will come up for discussion will be the scope to be attached to the term "political refugee". In the past the term

<sup>1</sup> Non reproduit/not printed.

has usually been applied to persons who have already left their country of origin and have taken refuge in some foreign country. This, indeed, is the definition which has already been given in the "Convention on the Status of Refugees from Germany" which was drawn up in February, 1938. In the present context, however, it would seem probable that the term is intended to refer to persons who have not already left the former territory of Austria, or Germany, but who desire to do [*sic*] emigrate by reason of the harsh treatment to which they are subjected on account of their political opinions, religious beliefs, or racial origin. While an early definition is, of course, necessary and will doubtless be undertaken soon after the Committee meets, it is not a question on which the Canadian delegation should favour one interpretation rather than another. The matter may, I think, safely be left to the conveners of the meeting.

If, as seems probable, this latter interpretation is accepted, it would be desirable to point out and, indeed, to emphasize most strongly that the Committee should be careful to avoid doing anything that would encourage the German or any other Government to adopt repressive measures against unwanted minorities in the hope or expectation of securing homes for them elsewhere. Action along such lines might invite an enlargement of the problem and strengthen rather than allay the forces of intolerance. It is axiomatic that no state should be allowed to throw upon other countries the responsibility of solving its internal difficulties. It would follow, therefore, that an attempt to alleviate the condition of refugees and to provide opportunities for them to re-establish themselves in other lands should not exclude a concerted endeavour to secure from the German Government an undertaking that political refugees belonging to classes whose departure it is desired to facilitate should not first be deprived of their capital and possessions. Nor could we exclude, from consideration on any just or equitable basis, refugees who have already been driven out or managed to escape from their own country but are still in a very sorry condition.

Whatever definition is adopted by the Committee, attention will have to be given early in the proceedings to reaching some estimate of the numbers affected and the conditions under which they are compelled to live, that is, to form some idea of the scope and character of the problem before making an effort to solve it or at least to ameliorate conditions. A good deal, of course, is already known through press reports. It may be doubted, however, whether our knowledge is sufficiently wide or sufficiently detailed and authentic to form the basis of definite commitments or even of careful planning. The countries which have diplomatic and consular representatives in Germany may be expected to provide information on this aspect of the problem. If they cannot do so some special enquiry might have to be considered.

We now come to the question of the degree of assistance which may be given by the various countries which have consented to be represented. In this connection it may be noted, with reference to the first condition under

which the Committee is meeting, namely, that any financing of the emergency immigration which may take place will be undertaken by private organizations within the respective countries, that thus far we have not received any evidence of a willingness, on the part of private organizations in Canada to become financially responsible for any immigrants though the situation may change when more extended publicity has been given to the project.

The second condition under which the Committee is meeting is that no country will be asked or expected to receive a greater number of immigrants than is permitted by its existing legislation. The phrase "existing legislation" is a rather vague term, and unless care is taken it might be given an interpretation which would be harmful to Canada since, under the Canadian law, there is no limit to the number of persons who may be admitted provided, of course, they do not fall within the prohibited classes, namely, persons who are mentally or physically defective, persons suffering from infectious, contagious, or obnoxious diseases, beggars, prostitutes, criminals, illiterates, alcoholics, communists, anarchists, and generally, persons regarded as undesirable. If, however, the term "legislation" be interpreted, as I think under Canadian practice it must be interpreted, to include the regulations established under authority of the Governor in Council, immigration is at present, and has been for several years, very severely restricted. Since early in 1931 the entry into Canada of all persons (except British subjects, United States citizens, and farmers having sufficient means to establish themselves; and wives, fiancées, or unmarried children of persons established in Canada in a position to care for them) has been prohibited unless named in special Orders in Council. Japanese immigrants constitute an exception to this general rule but the fact is not of importance in connection with this enquiry. I am enclosing, herewith, for your information, copy of the Immigration Act and Regulations in which you will find the above and other relevant information set forth in detail. Mr. M. [sic-W.] R. Little, Commissioner of European Immigration, who will be your technical adviser, will, of course, be able to inform you fully as to the law and regulations and the practice of the Department.

The essential points to bear in mind are that there is no provision under the Canadian law for immigrant quotas and no commitments could therefore be made to receive any quota or specified number of refugees. Existing legislation does not permit immigration from the Continent of Europe except for the very restricted groups to which reference has been made. Any contribution Canada may be able to make to the solution of the Committee's problem would (if the meeting goes beyond the exchange of information and suggestions) have to take the form of special administrative exemption in each case.

A considerable proportion of the refugees under any definition are likely to be Communists and Jews and there are probably no two classes of prospective immigrant whose admission would give rise to greater difficulties. Professing Communists, whether members of the Communist Party or not,

are on the list of prohibited immigrants. Paragraph N of Section 3 of the Immigration Act excludes persons belonging to the following classes:

Persons who believe in or advocate the overthrow by force or violence of the Government of Canada or of constituted law and authority, or who disbelieve in or are opposed to organized government, or who advocate the assassination of public officials, or who advocate or teach the unlawful destruction of property.

With respect to persons of Jewish faith the situation is entirely different. For many years past, in response to entreaties from several quarters, special consideration has been extended to Jewish immigrants. The following table sets forth immigration into Canada since 1931, under Orders in Council:

	<i>Jewish</i>	<i>Total</i>
1931	22	458
1932	166	746
1933	637	1,357
1934	152	520
1935	525	1,059
1936	284	819
1937	197	759
	<hr/>	<hr/>
	1,983	5,718
	<hr/>	<hr/>

It will be noted that, while the Jewish population of Canada is one of the minor groups, Jews constitute approximately thirty-five percent of the total immigrants during the past seven years under special administrative arrangements. A point of cardinal importance in this connection is that the admission of Jewish immigrants in the period 1931-1937 averaged 7.208 per thousand of Canada's existing Jewish population as compared with 1.263 per thousand admitted into the United States in the same period. It may be added that the majority of the Jewish immigrants now resident in Canada are natives of Poland, Russia and Rumania rather than of Austria or Germany, and that the interest of this Jewish population is therefore centered on Eastern rather than on Central Europe.

The continuance of the depression, with its accompanying heavy unemployment and unsold surpluses of farm products severely limits Canadian power to absorb any considerable number of immigrants. Moreover, the fact that the generality of political refugees are not of the agricultural class and that there are usually difficulties both with respect to capital and citizenship, further complicates the problem. It is not desired, however, even in the present case where, in view of conditions in Canada, the problem is specially difficult, to adopt a purely passive attitude. The Canadian Government deeply and genuinely sympathizes with the victims of oppression and will be prepared to consider, as part of any general settlement, to apply its regulations in the most sympathetic and friendly fashion which may be practicable in the circumstances.

I should like, in conclusion, to direct your attention to the necessity of keeping clearly in mind the fact that the present problem, although specially urgent, forms but a part of the general problem of the treatment of refugees. Last year the Assembly instructed the Council to review the whole subject and to draw up a plan for coordinating and centralizing international assistance to refugees. The subject has been placed upon the Agenda of the Assembly which meets at Geneva in September and there is reason to believe that it will be one of the most important of the subjects to come up for consideration. In these circumstances, when the whole refugee problem is shortly coming up for re-examination with a view to co-ordinating and centralizing existing refugees organizations and of breaking down the differentiations between various groups or classes of refugees, it would clearly be neither practical nor just to discriminate in favour of refugees from Austria and Germany. Since the present enquiry is being undertaken on purely humanitarian grounds it would clearly be no less necessary to bear in mind the position of members of other persecuted groups from whatever country their cries for assistance may come.

I have etc.

W. L. MACKENZIE KING

627.

*Le chargé d'affaires par intérim des États-Unis  
au secrétaire d'État aux Affaires extérieures  
United States Chargé d'Affaires ad interim  
to Secretary of State for External Affairs*

No. 723

Ottawa, June 15, 1938

Sir,

I have the honor to refer to your note No. 66 of June 4th and to previous correspondence concerning a special committee on political refugees from Germany, and to advise you, under instructions from the Department of State, that the United States Government proposes the following agenda for the meeting of the intergovernmental committee on political refugees which is to convene at Evian, France, on July 6, 1938:

1. To consider what steps can be taken to facilitate the settlement in other countries of political refugees from Germany (including Austria). The term 'political refugees', for the purposes of the present meeting, is intended to include persons who desire to leave Germany as well as those who have already done so. The conference would of course take due account of the work now being done, by other agencies in this field and would seek means of supplementing the work done by them.

2. To consider what immediate steps can be taken, within the existing immigration laws and regulations of the receiving countries, to assist the most urgent cases. It is anticipated that this would involve each participating government furnishing, in so far as may be practicable, for the strictly confidential information of the committee, a statement of its immigration laws and practices and its present

policy regarding the reception of immigrants. It would be helpful for the committee to have a general statement from each participating government of the number and type of immigrants it is now prepared to receive or that it might consider receiving.

3. To consider a system of documentation acceptable to the participating states, for those refugees who are unable to obtain requisite documents from other sources.

4. To consider the establishment of a continuing body of governmental representatives, to be set up in some European capital, to formulate and to carry out, in cooperation with existing agencies, a long range program looking toward the solution or alleviation of the problem in the larger sense.

5. To prepare a resolution making recommendations to the participating governments with regard to the subjects enumerated above and with regard to such other subjects as may be brought for consideration before the inter-governmental meeting.

I have been directed to add that it is the earnest hope of the United States Government that the Canadian Government will find it possible to give its representative at Evian full instructions on the points covered in the agenda, in order that the meeting may reach decisions with a minimum of delay. I may also state that the United States representative at the intergovernmental meeting is being instructed to propose at the opening session that the meeting convey an invitation to Sir Neill Malcolm, League High Commissioner for Refugees Coming from Germany, to attend its sessions. It has not been considered necessary to propose that a similar invitation be conveyed to the President of the International Office for Refugees inasmuch as Judge Hansson, the head of that office, will attend the meeting as the representative of Norway.

I shall be glad to receive, for transmission to my Government, any comments which you may wish to furnish with reference to the above proposals.

Accept etc.

JOHN FARR SIMMONS

628.

*Le délégué permanent [SDN] au sous-secrétaire d'État  
aux Affaires extérieures*

*Permanent Delegate [L. of N.] to Under-Secretary of State  
for External Affairs*

Geneva, June 21, 1938

Dear Dr. Skelton,

It looks as though the Evian Conference were going to be a most unpleasant affair. It has originated in one of Mr. Roosevelt's sudden generous impulses and is not the product of any well thought out scheme. To have to participate in it is for me an unwelcome duty. I am sorry that we accepted the invitation although I can see how hard it would be for us to refuse.

I do not believe that the problem of refugees should be dealt with by the conference method, with the publicity which this method imposes. For



example, I am told that since the anschluss the United Kingdom has permitted all bona fide refugees from Austria to enter the country, but they are not in any position to state publicly that they are doing so or that they will continue to do so in the future. The new pressure inside Germany on the Jews seems to show a deliberate intention on the part of the German Government to maintain the supply of refugees at a point far in excess of the possibility of their absorption. It is suggested and perhaps not inaccurately that this pressure has been prompted by the near approach of the Evian Conference.

The problem is pitiful and yet apparently insoluble. I am told that there is very strong opposition in the United States to opening their doors more than a chink to refugees and they have the responsibility of convening the Conference. I imagine the opposition is even stronger in Canada. I hope, however, that when my instructions arrive they will not be entirely negative.

I gather that there will be a very large press representation at the Conference and of course representatives of all the refugee organisations will be there. Partly to be slightly removed from this pressure and partly for reasons of expense, I have taken accommodation at a small and secluded hotel rather than in the hotel which is the headquarters of the Conference. I shall cable later concerning means of communication.

The whole proceedings look very amateurish. Why should the United States send a steel magnate as their representative? He is being supported by Pell and Brandt from the State Department; I have little trust in the capacity and discretion of the former; the latter is a capable authority on the administration of the quota law who used to be chief of the Visa Division in the State Department. I do not yet know who is coming from the United Kingdom, but I am told that the Foreign Office is worried about the whole business.

Your sincerely,

H. H. WRONG

629.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires des États-Unis  
Secretary of State for External Affairs  
to United States Chargé d'Affaires*

No. 83

Ottawa, June 28, 1938

Sir,

I have the honour to acknowledge the receipt of your communication No. 723, of June 15th, 1938, setting forth a list of subjects which your Government desires to propose for consideration at the meeting of the Inter-Governmental Committee on political refugees from Germany, which is to meet at Evian, France, on July 6th next.

In my letter of April 26th I pointed out that the Canadian Government, while reserving fully the decision as to future policy on the subject of immigration, would be prepared to take part in the work of the proposed Committee, with a view to the freest exchange of information on the present situation and consideration of the problems which it involves. While the subjects suggested for the Agenda are, with the possible exception of the suggestion in paragraph 4, all aspects of the question which present themselves for consideration, it may be doubted whether, in the light of these considerations respecting the scope of Canadian participation in the Committee, the subjects suggested for the Agenda are the primary questions which should be considered.

The first question which suggested itself to the Canadian authorities in looking into the matter, was the extent and character of the problem. A good deal, of course, is already known through press reports. It may be doubted, however, whether our knowledge is sufficiently wide or sufficiently detailed and authentic to form the basis of definite commitments or even of careful planning. It would seem essential to have, as a basis of discussion, reliable estimates of the number of political refugees and of the classes to which they belong and, also, some knowledge of the German laws and regulations governing emigration, and the manner in which they are administered—whether, for example, political refugees are allowed to take with them their capital and possessions, in whole or in part.

If, as from press reports would seem to be probable, political refugees are not allowed to take with them their capital and possessions, it would seem essential that the Committee should be careful to avoid doing anything that would encourage the German Government to adopt repressive measures against unwanted minorities in the hope or expectation of securing homes for them elsewhere. If such an idea should get abroad, it might, indeed, invite an enlargement of the problem and strengthen rather than allay the forces of intolerance. Already there have been reports from various press correspondents indicating that the prospect of freer emigration facilities being provided at the Evian Conference is giving rise to a renewed wave of persecution against Jewish citizens. Nor do the considerations set forth above apply only to the German Government. Other governments with unwanted minorities must equally not be encouraged to think that harsh treatment at home is the key that will open the doors of immigration abroad. It is axiomatic that no state should be allowed to throw upon other countries the responsibility of solving its internal difficulties. It would follow, therefore, that an attempt to alleviate the condition of refugees and to provide opportunities for them to re-establish themselves in other lands should include a concerted endeavour to secure from the German Government an undertaking that political refugees belonging to classes whose departure it is desired to facilitate shall be allowed to take with them their capital and possessions. This principle, which is inherent in any measures of assistance to refugees, is of special importance in the present case. Hitherto the term "refugee" has been applied only to persons who have already left their country of origin and who have taken

refuge in some foreign country. In the present case, however, the term, as your Note under reference indicates, is intended to include persons who desire to leave Germany as well as those who have already done so.

A third point, though not one of the primary questions which should be considered, will, in our view, require to be kept clearly in mind throughout the discussions and in any resolutions which may be adopted. The present problem, although specially urgent, forms but a part of the general problem of the treatment of refugees. As you are no doubt aware, the Assembly of the League of Nations last year instructed the Council to review the whole subject and to draw up a plan for coordinating and centralizing international assistance to refugees. The subject has been placed upon the Agenda of the Assembly which meets at Geneva in September and there is reason to believe that it will be one of the most important of the subjects to come up for consideration. In these circumstances, when the whole refugee problem is shortly coming up for re-examination with a view to co-ordinating and centralizing existing refugee organizations and of breaking down the differentiations between various groups or classes of refugees, it would clearly be neither practical nor just to discriminate in favour of refugees from Austria and Germany. Since the present enquiry is being undertaken on purely humanitarian grounds it would clearly be no less necessary to bear in mind the position of members of other persecuted groups from whatever country their cries for assistance may come.

It was mainly with this consideration in mind that I expressed some doubt at the beginning of the present communication as to the feasibility of the suggestion outlined in paragraph 4 of the proposed Agenda. One of the difficulties impeding a satisfactory solution of the refugee problem has been the existence of several over-lapping agencies dealing with various aspects of the problem or with various classes of refugees, and the question would arise as to whether it would be desirable to consider setting up an additional separate organization, more particularly at a time when the League of Nations is endeavouring to co-ordinate and centralize existing refugee organizations and to break down the differentiations between the various classes or groups of refugees.

With respect to the other subjects proposed for inclusion in the Agenda, I may say that general instructions have already been forwarded to the delegates who will represent Canada at the forthcoming meeting at Evian, and the preparation of additional instructions on the points mentioned in your Note under reference are in course of preparation and will be forwarded in the next few days.

I should be less than frank, however, if I did not intimate to you at this stage that the points summarized under paragraphs 2 and 3 of your Note under reference raise real difficulties from the point of view of the Canadian Immigration Service. Under the Canadian Law and regulations there is no provision for immigrant quotas and no commitments could therefore be made to receive any quota or specified number of refugees. Existing legisla-

tion does not permit immigration from the continent of Europe except for very restricted groups, and any contribution Canada may be able to make to the solution of the Committee's problem would have to take the form of special administrative exemption.

I note that Judge Hansson, President of the International Office for Refugees, will attend the meeting as a representative of Norway. I note, also, that your representative is being instructed to propose at the opening session that the meeting convey an invitation to Sir Neill Malcolm, League High Commissioner for Refugees Coming from Germany, to attend its sessions. This, I am sure, is an excellent suggestion and the Canadian representative will be very glad to support the proposal.

Accept etc.

W. L. MACKENZIE KING

630.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]*  
*Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

TELEGRAM 35

Ottawa, June 30, 1938

Your telegram No. 46, June 29th.<sup>1</sup> Evian Refugee Conference.

1. Reply to Simmons Note No. 723 of June 15th respecting proposed Agenda was forwarded to him today and is substantially in terms of draft enclosed in my communication No. 41 of June 24th.<sup>1</sup> This Note and my Despatch No. 36 of June 11th will constitute your general instructions. Points set forth therein should be made on appropriate occasions in the discussions. We wish to avoid obstructionist attitude and keep clearly in mind basis on which Canada has agreed to participate, namely, "exchange of information on the present situation and consideration of problems which it involves". While it will be necessary to differ from United States if they press for definite undertaking to receive quotas or for permanent organization it is not desired that Canada should take lead in this opposition. We are today advising Simmons verbally of our view on these points in quite explicit terms.

2. As to specific matters on Agenda proposed by the United States, paragraphs one and two acceptable. It is contemplated that Mr. Little will prepare a memorandum summarizing Canadian immigration law and regulations and setting forth general policy followed in recent years respecting restrictions of immigration. With respect to concluding part of paragraph two, stress point that there is no provision under Canadian law for immigrant quota and no commitments could therefore be made to receive any specified

<sup>1</sup> Non reproduits/not printed.

number of refugees. Any contribution that Canada might be able to make to solution of Committee's problem would have to take form of special administrative exemption.

3. With respect to paragraph three, it would be preferable to let other countries suggest suitable documentation. Any suggestions which secure general support might be summarized by cable for instructions.

4. You will have noted from my letter to Simmons attitude we feel should be adopted with respect to suggestion in paragraph four. If matter is brought forward it would be well to put on record the views outlined.

5. With respect to paragraph five, suggestion that discussions should contemplate Resolution making recommendations to the participating governments rather than conclusion of Convention or Agreement is sound principle. Flexibility is important consideration in matter of this kind. It is too early, of course, to make any observations as to the content of Resolution as whole situation must first be thoroughly examined and discussed. In so far as Canada is concerned terms of our participation in meeting do not involve undertaking to accept any obligation.

6. Please cable, from time to time, as to the course of discussions and the text, or summary, of any proposed recommendations. I shall endeavour, in consultation with the Minister of Mines and Resources, to cable respecting any additional points on which you may require specific instructions.

631.

*Le délégué, la conférence d'Évian au secrétaire d'État  
aux Affaires extérieures*

*Delegate, Evian Conference to Secretary of State  
for External Affairs*

TELEGRAM 1

Evian, July 7, 1938

IMMEDIATE. General discussions opened yesterday and continue this afternoon when I shall probably make brief statement. Thirty-two countries are represented on Committee composed of all American countries but Salvador, seven Continental countries and United Kingdom, Ireland, Australia, New Zealand and South Africa, some others represented by observers.

United States delegate emphasized proposed continuing organization in opening speech. Its creation will be widely supported and I understand that both Hansson and Malcolm think that it could be useful. United Kingdom delegation while not enthusiastic will support it because such a body might be a most effective channel of approach to the German Government for modification of present confiscatory policy towards emigrants as well as for reasons given in my telegram No. 49 from Geneva.<sup>1</sup> No one here contemplates that this unwieldy Committee could approach Germany. We feel that we

<sup>1</sup> Non reproduit/not printed.

should not oppose establishment of continuing body, which may be only concrete result of this meeting. It seems certain United States suggestion that each country might state number of refugees it would receive will not be generally accepted.

WRONG

632.

*Le délégué, la conférence d'Évian, au secrétaire d'État  
aux Affaires extérieures*

*Delegate, Evian Conference to Secretary of State  
for External Affairs*

TELEGRAM 50

Geneva, July 9, 1938

IMMEDIATE. Deficient preparations and arrangements have hampered work at Evian. Three plenary sessions have been devoted to cautious general statements. Agenda circulated to Governments by United States is being followed though never submitted to Committee for approval. Only one room available for all meetings and Sub-Committee work has hardly begun. I made general statement Friday and have presented memorandum on Canadian immigration regulations.

There is little chance that this meeting can reach any clear conclusions. Without German cooperation only minor measures of alleviation seem possible. Malcolm today supported continuation of Committee for reasons previously mentioned and as possible aid in financing. All major delegations support Continuing Body and many regard this as already decided by acceptance of it by United States proposals which referred to this as first meeting of Committee. Prospects exist that the United States will appoint prominent citizen for full time work, other Governments being represented by diplomatic officers probably in London. To give such United States leadership a basis and for effective approach to Germany, some international organization outside the League seems essential.

Telegraphic facilities in Evian are bad and I have received no reply requested to my telegram No. 1, July 7th. I shall not oppose Continuing Body unless you repeat instructions to do so. Meeting should end by July 16th.

633.

*Le secrétaire d'État aux Affaires extérieures  
au délégué, la conférence d'Évian*

*Secretary of State for External Affairs  
to Delegate, Evian Conference*

TELEGRAM 1

Ottawa, July 9, 1938

Your telegram No. 1 of July 7th. Have noted trend in favour of establishing a small Permanent Committee—news reports suggest five members—to assist

refugees from Greater Germany. While the proposal would seem to be more appropriate at the conclusion of the Conference, after the whole situation had been examined and discussed, than at the beginning and while its establishment would complicate Assembly's objective of co-ordinating and centralizing international assistance to refugees we should not actively oppose the establishment of such a Committee, if the proposal meets with general approval. Our acceptance, however, would depend on its purposes and implications. If it is to gather detailed information on the refugee situation and negotiate with the German Government through diplomatic channels it would doubtless be a more effective body than an inter-governmental Conference of thirty-two countries. If, however, its establishment would include assumption of obligation on part of participating nations to receive refugees whose release (with a portion at least of their property) the Committee may succeed in effecting, it should be made clear at some stage that our acceptance should not be interpreted as changing our view, which we made clear in accepting the invitation to attend the Conference, that we must reserve fully decision as to future policy on the subject of immigration and are unable under our immigration law and regulations to undertake to accept any quota or specified number of refugees.

634.

*Le délégué, la conférence d'Évian au secrétaire d'État  
aux Affaires extérieures*

*Delegate, Evian Conference to Secretary of State  
for External Affairs*

TELEGRAM 2

Evian, July 12, 1938

IMMEDIATE. News reports referred to in your telegram No. 1, July 9th, are inaccurate. Following confidential outline of proposed continuing organization has been accepted tentatively by the United States, United Kingdom and French delegations. Full plans will be submitted to Conference and embodied in Resolution at final meeting probably Friday:

(1) Committee to be established in London of representatives of all countries here represented. It would hold first meeting very shortly but might meet only annually thereafter. Its main purposes would be to provide basis for United States participation in problems of refugees, to approach German Government through Chairman, and to deal with potential refugees from Germany who are outside scope of League activities.

(2) Committee to have full time President. President of the United States intends to appoint well known person whose name I may shortly learn in confidence. Four Vice Presidents from different countries would act as Advisory Body between sessions of Committee.

(3) No Secretariat is contemplated but incidental expenses would be met by participating Governments. Canadian share might be about £75 per annum.

(4) Scope to be limited to questions concerning settlement of actual and potential refugees from Greater Germany unless extended by full Committee to other classes of refugees.

I do not much like this plan which is designed as facade for United States initiative. It involves no commitments, however, beyond modest contribution mentioned and includes safeguarding clauses covering present immigration regulations and private financing. Everyone here is conscious of danger of inspiring other countries to imitating Germany. Present conditions are so appalling I feel that we cannot oppose scheme presenting some prospect of alleviation which is likely to be generally approved.

WRONG

635.

*Le délégué, la conférence d'Évian au secrétaire d'État  
aux Affaires extérieures*

*Delegate, Evian Conference to Secretary of State  
for External Affairs*

TELEGRAM 3

Evian, July 12, 1938

IMMEDIATE. Draft of final recommendations agreed to by delegations of United States, United Kingdom and France was confidentially submitted to heads of delegations today. Chief change from outline in my telegram No. 2 is that full time officer would be Director, and Chairman would probably be British. Gross annual expenses placed at under £5000. It is proposed that Inter-Governmental Committee should meet briefly in London on August 3rd to appoint officers and apportion expenses.

Points mentioned in your telegram No. 1 are covered by safeguarding clause. Paragraph on documentation is not yet ready but will involve no commitments. Draft emphasizes the necessity of cooperation with League services. We consider it acceptable with one minor change.

WRONG

636.

*Le secrétaire d'État aux Affaires extérieures  
au délégué, la conférence d'Évian*

*Secretary of State for External Affairs  
to Delegate, Evian Conference*

TELEGRAM 2

Ottawa, July 13, 1938

Your telegrams No. 2 and 3, July 12th. For reasons outlined in earlier telegrams and correspondence we are dubious about proposed continuing



organization. If, however, recommendations outlined meet with general approval and points covered in my telegram of July 7th are safeguarded, we would be prepared to accept.

637.

*Le délégué, la conférence d'Évian au secrétaire d'État  
aux Affaires extérieures*

*Delegate, Evian Conference to Secretary of State  
for External Affairs*

DESPATCH 301

Geneva, July 18, 1938

Sir,

I have the honour to submit the following confidential report concerning the meeting at Evian, France, from July 6th to July 15th of the Intergovernmental Committee brought together on the invitation of the Government of the United States to consider the emigration and settlement of actual and potential political refugees from Germany (including Austria). I am forwarding under separate despatches<sup>1</sup> the minutes and other documents of the meeting, and a statement concerning the division of expenses.

*I Representation*

The designation of the meeting used on its documents was merely "Intergovernmental Committee, Evian, July, 1938". Thirty-two countries were represented by delegates. These were nineteen of the twenty Latin American Republics (El Salvador alone among them being absent), the United States, Canada, the United Kingdom, France, Belgium, Netherlands, Switzerland, Norway, Sweden, Denmark, Ireland, Australia and New Zealand. Sir Neill Malcolm, the League High Commissioner for Refugees coming from Germany, was present for the first week, and a liaison officer from the League Secretariat attended throughout the meeting. One or two countries which had been invited to attend, including South Africa, were represented by observers. No list of the countries invited has been made public, but I think that among them only Italy and El Salvador were not represented in any way. The Polish Government unsuccessfully sought an invitation to send a delegate or an official observer; they sent unofficially an expert on Jewish emigration to watch the proceedings, but he soon departed.

The delegates of the main countries participating in the meeting were as follows: United States, Mr. Myron C. Taylor, formerly President of the United States Steel Corporation, appointed as Ambassador on Special Mission for the purpose of the meeting; the United Kingdom, Earl Winterton, Chancellor of the Duchy of Lancaster, and Sir Michael Palairet, former Minister in Vienna; France, M. Henry Bérenger, President of the Foreign Relations Committee of the French Senate. Most of the smaller European countries sent as their delegates officials of their Foreign Offices or Departments of Justice,

<sup>1</sup> Non reproduites/not printed.

while the overseas countries were for the most part represented by diplomatic officers stationed in Geneva, Paris or London. Australia was represented at the first two sessions by the Hon. T. W. White, Minister for Trade and Customs. The Norwegian delegate was Judge Hansson, Director of the Nansen Office.

The Canadian delegation was composed of myself as delegate, with Mr. W. R. Little, Commissioner for European Emigration, London, as Technical Adviser.

In addition to the representatives of governments and a numerous company of journalists, there were present in Evian representatives of nearly forty private associations concerned with the plight of German refugees, the emigration of Jews, and the condition of "non-Aryan Christians" in Germany. Some prominent members of the Jewish community in Vienna were present for part of the time.

## *II Scope of Meeting*

The original invitation from the Government of the United States had invited co-operation "in setting up a special committee composed of representatives of a number of Governments for the purpose of facilitating the emigration from Austria, and presumably from Germany, of political refugees". It suggested that the first meeting of the Committee should be held in some Swiss city, but the place of meeting was later changed to Evian because of objections raised by the Swiss Government. The invitation stated that it was contemplated that any financing would be undertaken by private organisations and that no country would be expected or asked to receive more immigrants than were permitted by its existing legislation. This invitation was issued in March when reports of the treatment accorded after the *anschluss* to Jewish and other anti-Nazi inhabitants in Austria were filling the press. Shortly after its despatch, however, President Roosevelt stated publicly that he contemplated action which would embrace political refugees from other countries, naming in particular Spain, Italy and Russia—a declaration much on the mind of the United States delegation during the meeting.

A more exact definition of the task of the Evian meeting was proposed in a Note addressed on 15th June by the Government of the United States to the Governments which had accepted the invitation. This suggested an agenda under five heads, which were in brief: (1) steps to facilitate the settlement of actual and potential refugees from Germany; (2) immediate steps to assist the most urgent cases within existing immigration systems; (3) the documentation of refugees; (4) the establishment of a continuing body for long-range action; and (5) the making of recommendations to the participating governments on these and cognate matters. This agenda was never, in fact, submitted to the Intergovernmental Committee for its approval, although it was circulated on the opening day as document C.I./E.1. Without being formally accepted it was followed by the meeting more or less, in default of any alternative proposal.

### *III General Observations*

Beyond the original invitation and proposed agenda and some rather desultory discussions with the British and French Foreign Offices, the Government of the United States had undertaken no diplomatic preparation for the meeting. Nor did the delegations of the United States and the other countries best informed on the refugee problem come to Evian equipped with the necessary personnel and material to proceed with a full examination of the question. Mr. Taylor had never been present before at an international conference and was hampered as Chairman by his ignorance of the procedure usually followed at such a meeting. Without intending to do so, he assumed as Chairman a greater authority in controlling proceedings, naming committees, and abbreviating discussion, than I have ever observed before at an international conference. Since the meeting was held on the suggestion of the United States, the United States delegation had to take the lead in arranging its proceedings, and a good deal of time was wasted because of its inadequate number and insufficient experience. I should add that Mr. Taylor was effective as a negotiator in private discussions, and that the two officers of the State Department who were with him, Messrs. Pell and Brandt, did very well in difficult circumstances.

The meeting was cramped by inadequate quarters, as there was only one room available for plenary sessions and all committee meetings. Sitting in a large summer hotel, it was difficult to keep anything from the press. The secretariat and technical services were provided by the French Government, with Mr. Jean Paul-Boncour of the French Foreign Office as Secretary-General and a staff drawn from the Secretariat of the League of Nations. Here too the staff, though competent, was not adequate to permit proceedings to run smoothly.

The Conference opened on the afternoon of July 6th under the temporary and effusive Chairmanship of M. Henry Bérenger. It was not until the next day, when a superfluous Credentials Committee had reported, that Mr. Taylor was chosen as Chairman with M. Bérenger as Honorary Chairman. Two sub-committees were set up, the first to hear representatives of the private organizations concerned with the relief of political refugees from Germany, and the second a technical sub-committee to hear in confidence statements of the laws and practices of the participating governments and of the number and types of immigrants each would receive, and to consider the question of documentation.

At none of the meetings of the Committee or its sub-Committees was there any real discussion of the refugee problem as a whole. Four of the six plenary sessions of the Committee were devoted to hearing set statements from the delegates of twenty-nine countries on the position of their Governments, and the other two were concerned with the approval of resolutions and reports. There were two private meetings of heads of delegations of which no record was kept, but discussion in them was limited to questions of drafting. The

sub-Committee to hear representations held but one meeting. The technical sub-Committee met three times; two of its meetings were devoted to hearing formal statements and the third to the adoption of a draft report.

Behind the scenes active negotiations centred around the delegations of the United States, the United Kingdom and France, and were mainly concerned with the form of the continuing body to be established. Such a body had been accepted in principle by the United Kingdom and France before the Committee met. The only open opposition came from the Colombian delegation, which, however, voted for the final recommendation. It very soon became apparent that the only practical result of the meeting could be to recommend the continuation of the Committee—a continuation which most delegations apparently considered to have been agreed to by their Governments' acceptance of the original invitation of the United States.

As usual, there were complaints, especially from the Latin-American delegations, that decisions were being reached behind their backs by the great powers in secret meetings, and that they were learning from the newspapers what was happening at the Conference. These complaints had a good deal of justification. I was able, however, to keep myself informed of the course of these discussions through contact with the British and United States delegations, and privately to suggest modifications in the plan under discussion so as to make it more acceptable to the Canadian Government. Finally on July 12th, Mr. Taylor presented to the chiefs of delegations a proposed resolution, the text of which had been approved by the British and French delegations and also by President Roosevelt to whom it had been cabled. This proposal was made the subject of numerous drafting changes mainly directed towards weakening the references to Germany, but it was unanimously adopted without alterations of substance. It is analysed later in this report.

#### *IV General Discussion*

The general discussion was opened on July 6th with a statement by Mr. Taylor, the delegate of the United States (who was followed by Lord Winter- ton, M. Bérenger and Judge Hansson.) Mr. Taylor began by declaring that some millions of people were to-day actually or potentially without a country. The extent of this major forced emigration compelled the Governments who had the problem of political refugees thrust upon them to adopt a long-range programme. The problem was a new one, quite unlike previous large-scale migrations, and was so vast and so complex that "we can probably do no more at the initial intergovernmental meeting than put in motion the machinery" to deal with it. The ultimate objective should be an organisation concerning itself with all refugees, but immediate attention should be focussed on refugees from Germany, both actual and potential. The new intergovernmental organisation should be complementary to the work of the League refugee services. Mr. Taylor then proposed that information should be exchanged concerning the number and type of immigrants whom each Government was prepared to receive under existing law, and that the problem of documentation should be examined. He added that his Government prided

itself on the liberality of its laws and practices, mentioning that 27,370 immigrants could be admitted annually under the quota law to the United States from Greater Germany. Alluding to the form of the continuing organisation he suggested that diplomatic or other representatives of the participating Governments should meet regularly, preferably in Paris, and that a secretariat should be established. He closed by once more emphasising the extent and disturbing characteristics of the problem of refugees.

Lord Winterton followed and declared at the beginning that he was in general agreement with the views expressed by Mr. Taylor. The United Kingdom regarded the problem as humanitarian. Clearly only a small number of refugees could be permanently placed within the United Kingdom itself, but such numbers as could be absorbed would be admitted and others would be allowed to enter temporarily until homes could be found for them elsewhere. In addition careful consideration was being given to the question of the settlement of refugees in colonial territories and in particular in East Africa. (Later Lord Winterton stated publicly that a small number could be admitted to Kenya, and he informed me privately that there were good prospects for the admission of a somewhat larger number to Northern Rhodesia.) Lord Winterton then declared that the difficulties might prove insoluble unless the country of origin was prepared to make its contribution by permitting emigrants to take with them the means of self-support. He emphasised the need for the new organisation to avoid duplication of effort and said that discussion should be confined for the present to emigration from greater Germany.

M. Bérenger's declaration was mainly concerned with a recital of what France had already done. He said that 200,000 refugees had found asylum in France since the war and that France had reached, if not already passed, "the extreme point of saturation as regards admission of refugees." He was in general agreement with the scope of the work of the meeting as defined by Mr. Taylor.

Judge Hansson, speaking as delegate from Norway, expressed doubts lest the proposed new organisation should diminish the importance of the work of the League, but said that his Government would welcome the establishment by the United States and the private refugee organisations of some body which could establish contact with the German Government. At a later meeting he declared that the form of the proposed continuing organisation was fully acceptable to his Government.

At subsequent plenary sessions on July 7th, 9th and 11th, the delegates of twenty-five other countries made general statements. These tended to follow a standard pattern, containing some or all of the following ingredients: sympathy for the plight of refugees and welcome for the United States initiative in convoking the Intergovernmental Committee; an account of what the country concerned had done, if anything, in harbouring refugees; a summary of the immigration policy now in force; and an indication, expressed in very general terms, that friendly consideration would be given

towards assisting in finding a solution. A number of speakers stated their approval of a continuing organisation, and a few drew attention to the need for wider application of the League agreements of 1936 and 1938 on the subject of political refugees. Delegates from countries bordering on Germany gave particulars of the impact on them of the problem, and details concerning the measures adopted to meet it; they all stated that they were in no position to admit further refugees for permanent residence.

At the end of the third session Sir Neill Malcolm gave a short and realistic statement of the question before the meeting as viewed in the light of his experience as League High Commissioner for Refugees coming from Germany. He said that he had come to the conclusion, after consultation with the Dominion High Commissioners in London and representatives of other countries of settlement, that no large-scale settlement overseas was feasible at the present time. Both economic and demographic reasons supported this view. There was the fear that an attempt to settle Jewish emigrants in separate communities would give rise to anti-semitism in countries where this feeling did not exist. In his opinion successful results could only be attained by the infiltration of refugees into existing communities. He praised highly the work of the private organisations, stating that since 1933 150,000 refugees had left Germany, of whom all but 30,000 were now permanently established in Europe or abroad. The figure of 30,000 in process of migration appeared to be more or less constant. He felt that the best course would be to work through the private organisations and he was sure that any financial assistance given to them would be money well spent. Their experience was that to establish a refugee family on the land required a capital outlay of a maximum of £1000; a smaller outlay was needed for refugees trained in professions. He endorsed the establishment of the new organisation, as having behind it the weight of the United States and as perhaps being able to influence the German Government. He suggested that Governments might possibly advance money to the new Committee for use in permanent settlement in co-operation with the private organisations.

I made a statement of the position of the Canadian Government on July 7th, the text<sup>1</sup> of which is annexed to this report.

#### *V Work of the Technical Sub-Committee*

All delegations were asked to present to the Technical Sub-Committee confidential statements concerning the laws and practices of their Governments and the number and type of immigrants each was prepared to receive. The Sub-Committee was also requested to consider the problem of documentation of refugees. Judge Hansson was named as Chairman and the Canadian delegation was represented on the Committee by Mr. Little and myself. The proceedings were far from illuminating, as the Chairman confined his efforts to extracting a statement in writing from each delegation, and no attempt was made to discuss the problems before the Committee in general terms.

<sup>1</sup> Non reproduit/not printed.

The Sub-Committee received in all thirty-eight statements, some delegations presenting two or three separate statements on different points and others filing no statement at all. No guidance was offered towards drawing up these statements on a uniform plan; in consequence they vary widely in interest and utility. They were supposed to be so confidential that they were not communicated even to delegations not represented on the Technical Sub-Committee, but in fact with four or five exceptions they contain nothing that was not either stated at plenary sessions or contained in national laws and regulations which are a matter of public record.

The Canadian delegation presented a memorandum prepared by Mr. Little of which a copy<sup>1</sup> is attached. This is merely a summary of the existing regulations governing immigration to Canada from the Continent of Europe.

From the statements filed and those made orally in the Committee it appeared that only one country was ready to follow the suggestion of the Government of the United States that they should state confidentially the number of immigrants whom they were prepared to receive. This solitary exception was the Dominican Republic, the delegate of which informed the Committee that his country would receive up to 10,000 refugees of suitable type if they had sufficient means to ensure their support. The delegation of the United States itself went no further than to cite the figure of the annual quota admissible to the United States from greater Germany, and to imply their readiness to fill this quota while making it clear that they were legally debarred from granting special preferences to refugees. A large number of refugees, however, are finding their way to the United States; Mr. Brandt informed the Sub-Committee that in the years ending on June 30th 1937 and 1938, 13,000 and 20,000 immigrants respectively had been admitted to the United States from Germany for permanent residence, of whom the large majority were refugees. The representatives of many of the overseas countries stated that they could only admit persons trained in agriculture—a limitation which excludes virtually all Jewish emigrants from Germany, at least until they have undergone a course of agricultural training. Nearly all the countries of settlement also stated that a certain amount of capital would have to be provided for refugees granted admission to their territories. In general the information on prospects of settlement given in the Sub-Committee and at plenary sessions was vague to a degree. It is impossible even to guess what the widespread expressions of good intentions would amount to when translated into concrete terms.

There was next to no discussion of the question of documentation. The representatives of countries which had accepted or were prepared to accept the League agreements urged that other countries should follow their example, while several delegations, including that of the United States, explained the reasons which prevented their Governments from acceding to these agreements. Finally the Committee included in its report a general recommenda-

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<sup>1</sup> Non reproduite/not printed.

tion urging that Governments should be invited to consider the acceptance of other documents serving the purposes of their laws when the usual passports, etc. were not available.

The report of the Technical Sub-Committee is a very general review of the possibilities of the reception and settlement of refugees. It notes that the statements presented hold out prospects for increased reception of refugees qualifying under the receiving country's immigration laws. It states that countries bordering on Germany cannot be expected to add considerably to the number of refugees in their territories but can offer facilities for the training of those given temporary asylum. It declares that the impoverished condition of refugees is a major obstacle to their transference. The report concludes with a paragraph on the question of documentation to which reference has already been made; this passage was included in the final resolution of the meeting.

The report of the Technical Sub-Committee was noted by the full Committee in a brief resolution adopted on July 14th.

#### *VI Sub-Committee to receive Representations of Private Organisations*

This Sub-Committee, under the Chairmanship of the Hon. T. W. White of Australia, heard at a meeting on July 8th twenty-four persons representing thirty-nine private organisations concerned with the relief of refugees. A brief summary of the tenour [*sic*] of these submissions is attached to the Sub-Committee's report. This notes that representatives were heard of German Catholics and "non-Aryan Christians" as well as of Jews. With regard to the problem of Jews in Germany four main trends of thought were presented: first, some found in increased emigration to Palestine the best prospects of solution; secondly, some (including several of the most responsible organisations) desired to further the assimilation of Jewish emigrants in the countries of settlement; thirdly, others considered that new Jewish colonies should be established in uninhabited areas; finally, some believed that amelioration of the condition of Jews inside Germany was the only cure.

Most of the private organisations represented at Evian presented memorials to the delegates. These vary very greatly in value. I expect shortly to forward to you those of chief interest. In addition Chatham House circulated proofs of a preliminary report of a survey of the problem of refugees which is being undertaken by Sir John Hope Simpson. This report is a valuable historical study of the problem of refugees since the war.

#### *VII Final Resolution of Committee*

I have already mentioned the methods by which the final resolution of the Conference was framed. It was unanimously adopted on July 14th after the Chairman had pointed out, in order to allay the doubts of some Latin-



American delegates, that it was a recommendation to Governments and that "our action binds the Governments only to the extent that they, in their sovereign right, decide".

The recommendation is prefaced by a preamble declaring that the question of involuntary emigration has assumed major proportions, is disturbing to general economy, is rendering racial and religious problems more acute, and may hinder international appeasement. The preamble goes on to state that a long-range programme should be envisaged to co-ordinate assistance within the frame-work of existing migration laws and practices, and that an orderly solution requires the collaboration of the country of origin, especially by permitting emigrants to take with them their property and possessions.

The recommendation provides that the scope of the intergovernmental Committee should include persons who must emigrate from Germany (including Austria) on account of their political opinions, religious beliefs, or racial origin, as well as such persons who have already left their country of origin without permanently establishing themselves elsewhere. It proposes that the participating Governments should continue to furnish information concerning such immigrants as they may be prepared to receive and concerning their immigration laws and practices. It takes note that refugees must in many cases be required to accept changed conditions of living in the countries of settlement, and makes clear that the Governments of the receiving countries are not expected to assume any obligations for the financing of involuntary immigration. A general reference to the problem of documentation is then included, and attention is drawn to the League agreements on this subject.

Finally the recommendation deals, in its most important section, with the continuing organisation. This will be a prolongation of the Intergovernmental Committee on a semi-permanent basis. It will meet at London (the French Government did not want it in Paris as originally suggested by Mr. Taylor), and will consist of representatives of the Governments participating in the Evian meeting. In fact it will become a standing diplomatic conference on refugees, meeting when occasion may arise. Membership in it will not involve any obligation except to share in the expenses of the small staff which is proposed. Its general purpose is to "continue and develop" the work begun at Evian. It is to be provided with a Chairman (expected to be Lord Winterton) and four Vice-Chairmen (expected to be Mr. Taylor, M. Bérenger, one Latin-American and one chosen from a smaller European country). The Committee is to appoint "a director of authority" whose duties are defined in general terms as to "undertake negotiations to improve the present conditions of exodus and to replace them by conditions of orderly emigration", and to "approach the Governments of the countries of refuge and settlement with a view to developing opportunities for permanent settlement". A paragraph is then inserted to provide for co-operation with the refugee services of the League and the migration studies of the International Labour Office. (The scale for apportionment of expenses is to be agreed upon at the next meeting. This meeting is set for August 3rd. Some delegates objected to so

early a date, but gave way when it was strongly supported by the representatives of the principal countries who declared that they considered it essential to make further progress in the immediate future.)

### *VIII Final Session*

At the final plenary session on July 15th Mr. Taylor expressed satisfaction that suitable machinery had been set up to continue the work begun at Evian. The meeting, he said, was merely a beginning and henceforward the Intergovernmental Committee would be in permanent session. On this occasion he placed far greater emphasis than in his opening statement on the need for substituting orderly emigration from Germany for disorderly exodus, declaring that it was "essential" that emigrants should leave with their property and possessions and that it was "imperative" that Germany should collaborate if refugees were to be received abroad.

Lord Winterton accepted warmly for the British Government the final resolution of the meeting. He took occasion to refer to the present situation in Palestine, since he had been criticised for making no reference to Palestine in his opening statement. He made it clear that at present there was no prospect of Palestine being able to receive a large number of Jewish immigrants, but expressed the hope that immigration could be expanded as soon as the political future of the country was settled. He also elaborated a little concerning the prospects of establishing refugees in East Africa.

The remainder of the session was devoted to an unusually prolonged and effusive exchange of compliments and felicitations on the success of the meeting.

### *IX The London Meeting of August 3rd*

It is not expected that the meeting of the Intergovernmental Committee in London on August 3rd will be prolonged. It may last only for one day and should certainly be concluded within three days. Its main purposes will be the choice of the permanent Chairman and Vice-Chairmen, confirmation of the appointment of the Director, and agreement on the apportionment of expenses between the participating Governments. On this last point, the United States delegation had at first proposed a secretariat of some size but this was resisted by the United Kingdom delegation and some others. According to Lord Winterton, the permanent staff should not consist of more than the Director and two or three persons in secretarial capacities, and the total expenses should not amount to more than £4000 or £5000 a year at the outside. It is probable that the League scale of contributions will be proposed.

In addition to these questions of organisation Mr. Taylor hopes at the London meeting to be able to make a general report on the scope and extent of the problem. Mr. George Brandt of the Department of State is now making a tour of the principal German cities in order to secure from United States consular and diplomatic officers the latest information on

conditions inside Germany. It was generally agreed at Evian that one of the first tasks of the new Director should be an approach of the German Government, and I understand that certain tentative preparatory moves in this direction have been made by the Ambassadors of the United States and the United Kingdom in Berlin.

### *X The Proposed Director*

I have already cabled to you that the Director to be proposed by the President of the United States will be Mr. George Rublee. This information was given to me in strict confidence by the United States delegation. I happened to have known Mr. Rublee well while I was in Washington. He is a man in his middle sixties, a senior partner in a well-known legal firm which has a considerable international practice. Of modest and retiring character he has, I feel sure, no personal axe to grind and no wish for the limelight. Only high motives of public service would lead a man of his character to accept this difficult task. I think that the only public office he has ever held was a brief term as the first Chairman of the Federal Trade Commission some twenty-five years ago. He was, however, a close friend and associate of the late Mr. Dwight Morrow and accompanied Mr. Morrow to the London Naval Conference and to Mexico as his private adviser. Whether he can make an impression on the German Government remains to be seen. He will be, I am certain, fully alive to the need of close association with the League refugee services.

### *XI General Conclusions*

Although for obvious reasons only veiled references to this aspect of the problem appear in the records of the meeting at Evian, there was present in the minds of all the consciousness of the danger that success in the limited objective of the meeting—the facilitation of the emigration of refugees from Germany—paradoxically might only make the problem worse. The German Government might not merely increase the supply of refugees if additional opportunities of settlement were to appear but might even be moved to stimulate a general exodus by making the lot of the Jews in Germany still more miserable. Furthermore the dangers were fully realised that Eastern European countries, (in particular Poland, Hungary and Rumania with their 5,000,000 Jews) might be moved to emulate the German example by increasing the already severe pressure on their Jewish minorities. Hence came the continued insistence on the need for co-operation from Germany in any solution of the problem. One point which must be carefully watched is that, if the German Government is moved to co-operate by concessions to prospective emigrants, these concessions must not be received by the Intergovernmental Committee or its Director as a favour. In my opinion there must be no recognition, direct or indirect, that the practices causing the problem are accepted outside Germany as in any sense legitimate.

I am myself satisfied after the Evian meeting that the new organisation may fill a useful role. In the first place it has the great advantage of the warm support of the United States Government and also of the membership of other states outside the League such as Brazil and Paraguay which offer some prospects for the settlement of refugees. Secondly, it can approach the whole problem of forced emigration, whereas the League services are limited to dealing with refugees who have already deserted their countries of origin. Unlike the League, the new organisation can seek the collaboration of the German Government, and it includes in its scope those who have not yet succeeded in leaving Germany. It can later, if the participating Governments agree, extend its activities to refugees from countries other than Germany.

I have etc.

H. H. WRONG

638.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 164

Ottawa, July 30, 1938

It is desired that you or, if more convenient, Colonel Vanier or Mr. Pearson should represent Canadian Government at meeting in London, August 3rd, of Inter-Governmental Committee on Refugees. Mr. Little or, in his absence, his assistant Colonel O'Kelly may be designated as adviser. Notify Myron Taylor United States Embassy, Paris, name of Canadian representative and technical adviser.

It is expected that Mr. Taylor will make general report on scope and extent of refugee problem and that main purpose of meeting will be choice of permanent chairman and vice-chairmen, confirmation of appointment of director and agreement on apportionment of expenses between participating Governments. It is not desired that Canadian delegate take any active part in discussions. He may concur in choice of officers which it is expected will be more or less automatic and may accept League of Nations scale or any other scale which appears to him reasonable for allocation on expenditure.

639.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 385

London, October 15, 1938

SECRET. Following for your Prime Minister, Begins: Problem of refugees into new Czechoslovakia from Sudeten areas and particularly position of

non-Nazi Sudeten German refugees has been assuming much prominence. General position is as follows:

On October 9th His Majesty's Minister at Prague reported that Czech estimate was that over 700,000 Czechs would be left in new German zones and that majority would probably wish to exercise right to opt and be placed in reduced territory of Czechoslovakia. It was thought that Sudetens in Czechoslovakia who wish to move into German territory would be much smaller in number and that addition of at least half a million to present population of Czech Bohemia might reasonably be anticipated.

Later information furnished to Lord Mayor of London and Sir Neill Malcolm, the League High Commissioner for Refugees, appeared to show that on October 11th there were some 30,000 Czech refugees and 15,000 German Social Democrat refugees. It was stated, however, that as refugees had been arriving at the rate of about 1,400 a day these figures were purely provisional. It was also stated that before modification of frontier there were some 6,000 German Jewish refugees in Prague and that possible increase which might result from recent developments could not be estimated.

That part of refugee problem which concerns position of non Nazi Sudeten German refugees presents particular difficulties. On September 21 Herr Jaksch, the leader of German Social Democrat Party in Sudetenland, appealed to the United Kingdom and French Governments through Minister at Prague for assistance, representing that whole existence of his followers was threatened by German occupation; they could not remain in occupied areas and there would be no place for them in interior of Czechoslovakia. He tentatively suggested possibilities of migration.

His Majesty's Minister commented on October 7th on Sudeten refugee position as follows:

- (1) The presence of these German refugees in Czechoslovakia would aggravate unemployment;
- (2) Difficulties with German Government might be created on grounds that these refugees were conducting anti-German propaganda, and
- (3) They might be made a pretext for future minority demands.

In view of reports that it was the policy of Czechoslovak Government to order all German refugees to return to their homes subject to appeal in trial cases, and that German Government had decided to demand the return to occupied areas of all Social Democrats who escaped from those areas to Czechoslovakia, His Majesty's Representatives at Berlin and Prague were instructed on October 13th that if these reports were confirmed that they should do all in their power to persuade the German and Czechoslovak Governments to take no hasty action in the matter pending outcome of efforts to find some satisfactory solution of the problem. His Majesty's Ambassador at Berlin was on the same day instructed to urge early settlement by German-Czech Commission provided for by Article 7 of the Munich Agree-

ment, of procedure for opting in occupied areas, which, it is hoped, would be one enabling non-Nazi Sudetens as well as Czechs to opt for Czech nationality if they so wish.

In the meantime a Committee is being set up in Prague, under the Honorary Presidency of His Majesty's Minister, probably to consist of an English Chairman and representatives of Czech, German Social Democratic and Jewish refugees respectively, with one or two technical representatives. Ends.

640.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 236

London, October 18, 1938

As British Government has indicated in Dominions Office telegram Circular B. 385, October 15th, they are giving much attention here to refugee problem arising out of Czechoslovakian settlement. The result of their talks with Jaksch and information from other sources as to urgency of problem was given High Commissioners by Acting Secretary of State for Dominion Affairs some days ago in the hope that when scope of problem was determined, and if suitable machinery could be set up for recommendation of individual cases, the Dominion Governments would give as sympathetic consideration as possible to the problem. It was also pointed out that it might shortly be possible to put to Dominion Governments definite proposals based on official information, with some indication of nature of machinery which could operate at this end for supply of all necessary information as to individuals. A letter to me from Dominions Under-Secretary, recently received, emphasizes extreme urgency of problem, and asks me to enquire whether Canadian Government would be prepared to give sympathetic consideration in principle to reception of individuals as migrants provided suitable machinery can be set up to sift each case. Rublee of Evian refugee organization called this morning and also emphasized need for quick relief action. A deputation from National Civil Members Union also waited on me yesterday and asked me to transmit to my Government their hope that Canadian Government could participate in any action taken to alleviate the situation. Rublee who is leaving shortly for Berlin to urge on German Government that refugees leaving Germany be allowed to take with them substantial part of their (word omitted) emphasized that Canada would not be asked to consider receiving refugees without capital required by our regulations and that cases would be considered individually. Would appreciate any indication of attitude of Canadian Government toward this problem which might assist me in any discussion with official and unofficial agencies concerned with it here.

MASSEY

641.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

October 24, 1938

## INTERIM REPORT

## REFUGEE PROBLEM IN CZECHOSLOVAKIA

1. The question was first raised by D.O. telegram, Circular B. 385, October 15, 1938.

Reference was made to the wider problem that will result from exercise of option by Czechoslovakians in Sudeten areas, and Germans in Czech areas. More than 700,000 Czechs will be left in new German zones, of whom majority would probably exercise right to opt and be placed in reduced territory of Czechoslovakia. Sudetens in Czechoslovakia who will wish to move into German territory will be much smaller, and a net addition of at least a half million to present population of Czechoslovakia-Bohemia, may reasonably be anticipated.

Immediate refugee problem involved, on October 11th:

Czechoslovakians	30,000
Social Democrat Germans	15,000
German Jews	6,000

As refugees had been arriving at the rate of 1,400 per day, the figures were provisional.

Herr Jaksch, leader of German Social Democrat party in Sudetenland, appealed to United Kingdom and French Government, through Ministers of [sic] Prague, for assistance, representing that whole existence of his followers was threatened by German occupation. He tentatively suggested possibility of migration.

British Minister commented on Sudeten refugee problem, pointing out that German refugees would aggravate unemployment, that difficulties with German Government might be created on the ground that they were conducting anti-German propaganda, and that they might be made pretext for future minority demands.

Fearing that German Government would order return of German refugees and that Czechoslovakian Government would do likewise, representations were made to both Governments.

Speedy disposition of problem of option was urged and Committee was set up at Prague, under English Chairmanship, and including representatives of Czechs, Social Democrats and Jewish refugees, with technical representatives, to deal with refugee problems.

<sup>1</sup> De/by J. E. Read.

2. Canada House telegram, No. 236, October 18, 1938, reported on situation, including results of talks from Acting Secretary of State for Dominion Affairs to High Commissioners. Dominion Governments were asked to give sympathetic consideration to reception of individuals as migrants, provided suitable machinery could be set up to sift each case. It was clear that no proposal had as yet been made, but that one might be expected shortly.

It seems to be clear that Canada would not be asked to consider reception of refugees without capital required by our regulations and that cases would be considered individually.

3. External Affairs telegram No. 215 to Canada House, October 20, 1938,<sup>1</sup> transmitted specific inquiries from Minister of Mines and Resources as to particulars.

The questionnaire<sup>2</sup> is as follows:

Have you any particulars concerning refugees?

Are they Czechs, Sudeten Germans or Jews or all three? What are their occupations? Would it mean movement of families? Winter will shortly begin here and this difficult time receive immigrants. Are expert glass workers included? This would be of interest since Canada has abundance raw material suitable for manufacture high grade glass. Information complete as possible on foregoing would be helpful in our consideration of matter.

4. Canada House Telegram No. 239, October 21, 1938,<sup>1</sup> included information not essentially different from that communicated by D.O. telegram No. 385.

It was pointed out that 20,000 Social Democrats had been sent back by Czechoslovakian Government; also that 10,000 refugees were marked men and if returned to Germany would be exposed to suffering or worse.

5. D.O. Telegram Circular B. 391, October 22, 1938,<sup>1</sup> referring to representations made, points out that German Government have stated that they have no desire to insist on return of any persons who do not wish to go back to Germany. Czechoslovakian Government deny any intention of sending back any large number of German refugees in immediate future and have stated that refugees will not be sent back if they would be exposed to danger on return.

6. The present position seems to be:

(a) We are awaiting reply to specific request for particulars made by Minister of Mines & Resources.

(b) As yet no proposal has been made other than that sympathetic consideration should be given to the problem. It seems to be clear that

<sup>1</sup> Non reproduits/not printed.

<sup>2</sup> Le télégramme 215 reproduit le texte de ce questionnaire.  
Telegram 215 reproduced the text of this questionnaire.



a definite proposal will be made and that the sympathetic consideration referred to is in the preliminary consideration of the broad problem that should be made pending the receipt of the specific proposals.

(c) There does not appear to be any occasion for action now, although it is probable that a proposal will emerge in the immediate future. The problem of Czechoslovakian refugees is one that will be dealt with solely by Czechoslovakia. The only problem in which Canada might be concerned would be that of the German Social Democrats and the German Sudeten Jews.

642.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 241

London, October 25, 1938

Your telegram No. 215, Czech refugees. Now stated here that unlikely many more refugees would cross into Czechoslovakia in the near future as frontier closed. Estimate of Sudeten German refugees still varies but now stated that there are only about 3,000 who could be described as marked men. Number of Sudeten Germans who will be unable to return to homes still unofficially put at between 10,000 and 20,000. 350 visas for United Kingdom made available for persons whose imminent departure from Czechoslovakia considered necessary for their protection. This number will be admitted to United Kingdom for 3 months and will be maintained during their stay here by private individuals or organizations. French and Finnish Governments have also agreed to receive 200 and 100 of such persons respectively, while Norwegian and Swedish Governments have been approached on the subject of emergency admissions.

643.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 245

London, October 28, 1938

Your telegram No. 215, October 20th and your telegram 219, October 25th,<sup>1</sup> Czechoslovak refugees. Foreign Office state difficult under present circumstances to secure accurate information about numbers, and types of

<sup>1</sup> Non reproduit/not printed.

refugees who may wish, or find it necessary to migrate, but hope such information may be soon available. Meanwhile following information given on points raised in your earlier cablegram:

Persons for whom migration most urgent are mostly Sudeten German Social Democrats, almost all of whom are it is stated Roman Catholics. About half these are peasants and farmers and other half specially skilled workers mainly in glass, porcelain, musical instruments and special textiles; mainly small-factory workers who would also have some acquaintance with agriculture. Migration would involve in some cases movement of families. Unlikely that people concerned would be in possession of substantial capital. All above points receiving further investigation and it is hoped more definite information available very shortly.

644.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 251

London, November 2, 1938

Czech refugees. United Kingdom Government have appointed Stopford, formerly of Runciman mission, as Liaison Officer in Prague with Czech authorities regarding expenditure of British loan. Among his functions will be keeping in touch with programmes in Prague for relief and re-settlement of refugees for which financial assistance will be available from loan in question. He will forward information as early as possible regarding numbers and types of refugees, and in particular information for Canadian Government on the points raised in your telegrams. Czechoslovak Government have given assurances that refugees will be allowed to take moderate amount of capital out of country.

645.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources  
au sous-secrétaire d'État adjoint aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources  
to Assistant Under-Secretary of State for External Affairs*

Ottawa, November 4, 1938

Dear Mr. Beaudry,

Following up my letter of yesterday<sup>1</sup> and confirming subsequent telephone conversation regarding the Czecho-Slovakian refugees, I may say that after

<sup>1</sup> Non reproduite/not printed.

discussing matters with our Minister, the Honourable Mr. Crerar, we have arranged through the Colonization Departments of the Canadian National Railways and the Canadian Pacific Railway Company of Montreal, to have their two principal Colonization Field Officers, Messrs. A. R. Milne, representing the C.N.R., and Mr. Charles De Mey, representing the C.P.R., proceed to Prague immediately and endeavour to find out what number of refugees there are who might be available and suitable for settlement in Canada.

I may explain that for some years we have had a working arrangement with the Colonization Branches of the Railways under which they co-operate with us in selecting overseas and settling in Canada agricultural families. The men named are highly qualified for this task and as they are both now on the Continent, they will probably arrive in Prague within the next 36 hours. They will each be accompanied by an Assistant.

It will be necessary that the British Legation in Prague be advised that Messrs. Milne and De Mey are undertaking this inquiry on behalf of our Department and that the Legation be asked to give them every facility for carrying on their work. It is hoped in this way to determine what we can do towards helping in the present emergency.

Will you please have some cable advice sent which will inform the British Legation of the arrangement we have made and its purpose?

Yours very truly,

F. C. BLAIR

646.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 256

London, November 11, 1938

Your telegram No. 219 of October 25th, Czech Refugees. British authorities at Prague state that there are 58 glass workers among the German Social Democratic refugees. Herr Jaksch, representative at London, states that there remain in Czechoslovakia 5,000 German Social Democratic Aryans who for economic or political reasons must emigrate very soon. Details of 1,403 of these show 293 textile workers, 268 metal workers, 108 builders, 83 glass and porcelain workers, 123 wood workers, miners and printers, 109 agriculturalists and the rest clerks and professions. Many of industrial workers part time agriculturists. Of above refugees more urgent cases include 53 glass workers, 30 ceramics, 42 agriculturists and forest workers.

We are sending by bag full details as to age, detailed occupation and domicile of the above. Would emphasize that if glass workers desired some one familiar with Canadian glass industry should investigate situation at once as

suggested in Little's (letter to?) Blair November 4.<sup>1</sup> Informed that of urgent cases United Kingdom taking 350; France, 200; Finland, 100, also 500 proceeding to Norway for 3 months, and 300, mostly women and children, to Belgium temporarily, because of pressure by Czechoslovak Government. Refugee organizations hope each Dominion can accept about 500 to relieve immediate pressure by Czechoslovak Government. They are hopeful that each member of a refugee's family emigrated will be furnished with £100 capital.

Have not yet received report from railway representatives who are now in Prague.

647.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 413

London, November 26, 1938

SECRET. Following for your Prime Minister, Begins: German Government's recent anti Jewish measures will no doubt be known to you from press accounts. Reports from His Majesty's Embassy show those reports to be substantially correct.

His Majesty's Government in the United Kingdom have made representations in Berlin both with regard to property of British and Jewish and also in a few cases in which such British subjects were molested. His Majesty's Chargé d'Affaires has requested that necessary action should be taken for protection of British property and reserved the right to compensation for damages; and has also requested that attention of local authorities be urgently drawn to rights of British residents in Germany.

A protest was further lodged against report in a German newspaper linking certain United Kingdom opposition leaders with murder of Vom Rath. In an interview with Reuters correspondent as is published in the German press Doctor Goebbels is reported to have stated that the measures taken against the German Jews would not be applied to foreign capital or undertakings in Germany.

His Majesty's Government in the United Kingdom have also considered as a matter of special urgency what action they can take to assist refugees.

Refugees are already being admitted to the United Kingdom as rapidly as voluntary organizations can provide for their maintenance. Up to 70 visas are being granted daily and it is scarcely possible to increase the rate of admission. Special facilities are, however, being granted for the admission of large numbers of children under 17 for educational purposes and also of refugees for retraining in the United Kingdom especially in agriculture, before eventual settlement elsewhere.

<sup>1</sup> Non reproduite/not printed.

Settlement in the Colonies is also being urgently considered but the problem is very difficult and there are no known areas suitable for immediate large scale settlement. An area of about 50,000 acres in Tanganyika and one of over 10,000 square miles in British Guiana may prove suitable but most careful investigation for which refugee organizations will receive every assistance is essential before plans are formulated. Small scale settlement is already proceeding in Kenya and might prove possible in northern Rhodesia and Nyassaland and in further areas in Tanganyika. His Majesty's Government also offered, as United States immigration quota for German Jews was full for some time to come, to surrender part or all of United Kingdom immigration quota to United States for this purpose; but the scheme did not commend itself to United States Government and American Jewry is understood to be nervous of growth of anti-semitic feeling if Jewish immigration into United States is unduly increased.

His Majesty's Government in the United Kingdom have therefore instructed His Majesty's representatives concerned to support a United States request to all South American states that these should implement their offers to London Intergovernmental Committee on Refugees by more concrete plans for admission especially of agricultural workers.

A meeting of above Committee will probably be held in London about December 15th. Ends.

648.

*Le sous-secrétaire d'État parlementaire de Grande-Bretagne aux Affaires des Dominions au haut commissaire en Grande-Bretagne*

*British Parliamentary Under-Secretary of State for Dominion Affairs to High Commissioner in Britain*

London, November 28, 1938

CONFIDENTIAL

My dear High Commissioner,

Our discussion on the 24th November about the Sudeten German Democrat refugees in Czechoslovakia was, I thought, a useful one, as it defined more clearly the lines upon which it seems desirable to proceed, if anything is to be done promptly to relieve the situation of these people. The urgency of the problem seems to be confirmed by a telegram just received from Prague which I will mention later in this letter; perhaps in the first place it would be useful to sum up what appeared to be the main conclusions to be drawn from our discussions.

So far as Canada is concerned, I gathered that, although the Canadian authorities had received, from various sources, a good deal of information, their main desideratum was an authoritative list of those of the refugees of the category in question who were really in danger if they remained in Czechoslovakia, giving the types, occupations, qualifications, size of families

and any other particulars which might assist towards a decision as to admission to Canada. If such a list were forthcoming, I understood that it might be possible to authorise admission in certain cases without prior reference to Ottawa, but that, in the case of agricultural workers at any rate, seasonal conditions might make it impossible to arrange for migration until the Spring.

As regards Australia and New Zealand, I understood that no definite information was available as to the numbers, types, etc. that the respective Governments would be ready to consider, but that this information had been, or would immediately be, sought and that as soon as this was received it was thought that the United Kingdom or some other European country or countries might give temporary refuge to those Sudeten German democrats whose position in Czechoslovakia was actually dangerous, and that they could rely on the Dominions in question to absorb approximately the stated numbers.

Immediately after our meeting a letter was sent to Mr. Stopford on the above lines, asking him to do what he could to expedite the preparation and despatch of, at all events, a preliminary list of the nature desired. I will, of course, let you know as soon as possible of any reply which we may receive from Mr. Stopford. In the meantime, a telegram has been received from him which serves to emphasise the urgency of getting as many of these people as possible out of Czechoslovakia. His message states that the publication on the 24th November of the Option Agreement shows that Sudeten German refugees cannot opt for Czechoslovakia and that they therefore expect to be expelled to Germany. Mr. Stopford states that while it does not seem that *immediate* measures are to be taken to expel them, their position is dangerous, and that it would be extremely desirable to expedite plans for their emigration. He suggests the possibility of temporary asylum abroad pending final settlement, thus following the lines of suggestions made at our discussion. This will, no doubt, be receiving consideration by the Foreign Office and other Departments here concerned, but it will be appreciated that it would be of the greatest help in expediting a decision if a very early indication could be furnished of the numbers which certain Dominions might be prepared to receive.

Mr. Stopford adds that the position of refugees from the Old Reich and from Austria is very bad, as many of them are in Czechoslovakia illegally and cannot even obtain official relief.

Some further information has also come to hand, in the enclosed telegram from Prague, No. 572 (Saving)<sup>1</sup> about the amount of capital which migrants may be permitted to take out of the country with them. This refers, of course, to the migrants' own funds; no definite particulars appear yet to be forthcoming as to the capital which the Czechoslovak Institute for the care of refugees may be willing to provide for those migrants who are without, or have only very small, funds.

I should perhaps add that in a telegram received two or three days ago, Mr. Stopford referred to the intention of the Canadian Government to defer a

<sup>1</sup> Non reproduit/not printed.

decision with regard to the admission of Sudeten German refugees until they receive information which has been promised with regard to the occupations of Czech refugees, which latter, it appears, is not likely to be ready until the middle of January. It looks as though there may be some misunderstanding about this at the Prague end, as I believe that the enquiries of the Canadian authorities have in fact been directed almost wholly to the problem of the Sudeten German democrat refugees. Perhaps you could, however, confirm this, particularly in view of the urgency which appears to arise from the operation of the Option Agreement.

Yours sincerely,

DEVONSHIRE

649.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 269

London, November 29, 1938

CONFIDENTIAL. Dominions Secretary saw me this morning on the question of Jewish refugees from Germany which is to be discussed at meeting London Intergovernmental Committee, referred to in Dominions Office telegram Circular B. 413. At this meeting Governments will no doubt be asked what they can do to alleviate situation, and Dominions Secretary expressed the hope that the Canadian Government would be able to state its position in this regard. I feel personally that as a matter of tactics it might be wise for us to make generous gesture in regard to acceptance of as many as possible Aryan Sudeten Germans from the 3,000 or so now in Czechoslovakia. On the whole these appear to be more desirable settlers than any other refugees and if we could take a substantial number of them it would put us in a much stronger position in relation to later appeals from and on behalf of non Aryans.

MASSEY

650.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

November 29, 1938

#### CANADA AND THE REFUGEE PROBLEM

##### I. *The Magnitude of the Problem*

Estimates of the number of persons seeking refuge overseas from the dictatorship countries of Europe vary considerably. In the first years of the

<sup>1</sup> De/by N. A. Robertson.

Nazi regime approximately 150,000 persons fled across the borders of Germany. A fair proportion of these first emigrants have by now been absorbed into the life either of contiguous countries or Palestine, the United States, and some countries of South America. The balance remain in the countries which first received them, most in Holland, France, Czechoslovakia, and many in the United Kingdom, Belgium, and Switzerland. The task of reestablishing these first victims of persecution which has been proceeding under the auspices of various religious and charitable organizations coordinated by the League High Commissioner for Refugees has been enormously complicated within the past year as a consequence of (1) the seizure of Austria; (2) the annexation of the Sudetenland; and (3) the renewed and particularly brutal attacks on Jews in German territories in these last weeks.

II. In quantitative terms, one might say that the refugee problem consists first of those persons who have already been driven from their countries of birth or citizenship by reason of their religion, political beliefs, or racial origin; secondly of those still resident in the dictatorship countries who are anxious to emigrate as soon as opportunity presents itself; and thirdly and potentially of the pent up populations of Eastern and Central European countries from which normal emigration has been suspended in recent years. It is quite probable, for instance, that if any facilities are provided for the large scale settlement of German Jews overseas that the Polish, Rumanian, and Hungarian Governments may all decide that they too can strengthen their internal political position, and increase their cash in hand by confiscating Jewish property and expelling their Jewish populations for the rest of the world to house and feed.

### III. *The Task of the International Refugee Committee*

The immediate problems, however, facing the Refugee Conference which is resuming its meetings in London on Friday, December 1st, are first, the organization of settlement schemes for the emigrants now huddled in the countries of refuge; and second the negotiation of some arrangement with the German Government to authorize the gradual evacuation from Germany of those people whose position has become intolerable. The crux of this negotiation, of course, will turn on whether, and to what extent, the refugees will be permitted to take their property and possessions with them. Thus far the German Government have snubbed every effort of the Refugee Committee, headed by Lord Winterton and Mr. Myron Taylor, and have refused to enter into discussion with their representatives on any of the projects that have been suggested for facilitating the transfer of at least some part of the emigrants' assets abroad.

IV. The forthcoming Conference will have to canvass both these questions. It will endeavour to secure estimates from all participating countries of what they can severally do within the framework of their existing immigration laws to allow the entry of refugees, and it will inevitably make further efforts to



enlist some measure of cooperation from the German Government which would minimize the hardships of enforced emigration and make the job of settling those emigrants overseas a little less difficult than it now seems.

#### *V. Some General Economic Aspects of the Question*

The steady expropriation of the property of German Jews, coupled with the confiscatory tax on the export of capital—to which all Germans leaving their country are liable—has enormously aggravated what would in any circumstances have been an extremely difficult problem. Under more normal conditions the emigrant was allowed to take his personal effects and what transferable property he possessed to the country to which he was migrating. The “means test” was applied by the country of immigration, which often required the intending immigrant to bring with him enough money to support him for the first weeks or months after his arrival and until he had found means of support for himself and his family.

VI. The policy of the German Government has been to compel its dissenting minorities to emigrate in circumstances under which, in the ordinary course, other countries would be unable to receive them. Disregarding for the moment the political and humanitarian aspects of this policy, it is sufficiently clear that what Germany has done is to create an international nuisance which the rest of the world will have to clean up at considerable cost to itself. This cost will fall under two main heads

(a) The immediate charges for housing, feeding and training the refugees, borne in the first instance partly by the governments of adjacent countries who have had to give at least temporary asylum to these unfortunates, and partly by relief funds raised under various religious and charitable auspices.

(b) The cost of transporting the refugee populations to the countries of their ultimate destination, of maintaining them pending their permanent and self-supporting establishment and of financing the long range developments needed if areas like British Guiana and Northern Rhodesia are to be equipped to receive the bulk of the refugees. If group settlement in undeveloped tropical and subtropical areas is to be undertaken on a scale commensurate with the problem it will require a very considerable capital investment, perhaps something of the order of a hundred or a hundred and fifty million dollars—a staggering sum to raise by voluntary contributions—but a good deal less than the “fine” levied on the German Jewish population alone after the death of Vom Rath.

VII. The first objective of the International Committee will undoubtedly be to induce the Germany [*sic*] Government to release Jewish property and funds to finance resettlement overseas—to the extent it succeeds—the financial task of founding new colonies will be reduced. To the extent it fails—the burden on the rest of the world is increased—and this irrespective of whether the funds needed for resettlement are found by other Governments or raised

by voluntary assessment on individuals in other countries. Inevitably Germany is the richer by the funds it has confiscated and by the liabilities it has repudiated.

VIII. Failing an agreement by negotiation to permit the emigrés to take their property with them there would appear to be but one way by which the cost of liquidating the refugee problem could be thrown back on the countries which have created it. That could be done by assessing all German imports into countries participating in the effort to solve the refugee problem with a moderate surtax. Such a tax would have to be moderate because it would be designed to raise revenue not to stiffen a voluntary boycott. It should apply to all German goods and its proceeds should be earmarked for refugee purposes—but could be spent at the discretion of the collecting country either in facilitating the settlement within its own territories of such refugees as it could reasonably absorb or could be made available to finance emigration to other areas where suitable land is free for settlement. The proceeds of such an emergency levy would supplement the capital funds which in any case would have to be raised in the wealthier and more populous countries.

IX. In view of the peculiar trading conditions under which German commercial relations with the rest of the world are now conducted, such a levy would not, as a general rule, come out of the pockets of consumers in the importing countries but would be paid by the German exporters who would require increased subsidies from the Government in order to maintain their competitive position in foreign markets and thus continue to get the foreign exchange with which Germany has to purchase needed raw materials.

X. In this way Germany would be compelled to export capital if she were to continue to export goods and the economic advantages now accruing from the confiscation of refugees' property would be in part at least offset by the fact that the cost of her necessary imports would be increased by the amount of the tax levied on her exports. In short, other countries could in this way assess Germany with some part of her share of the costs she has created for the rest of the world.

#### XI. *Questions Confronting Canada*

There can be no doubt about the depth and sincerity of the indignant sympathy of the people of this country with the victims of political, religious, and racial persecution. For the time being, at least, public opinion expects Canada to make some appropriate contribution toward a solution of the problem which the Christian and civilized countries now find on their doorstep. While this country's capacity to absorb immigrants is grossly exaggerated by Mercator's map, it undoubtedly can take in, in normal times, a good many more immigrants than it has in the last five or six years; the consensus of expert opinion seems to be that successful settlement should be gradual and steady, and adapted to actual opportunities for employment whether on the land or in industry. Over these next months the winter weather and

the normal seasonal contraction of employment make any immediate expansion of immigration impracticable. In the meantime, however, and despite the obvious difficulties, something has clearly got to be done.

XII. Tentatively it has seemed helpful to try to break the problem up into a number of component questions, some of which can be dealt with by our own Government acting independently and of its own notion; others which will require consultation with the United States authorities with a view to preserving the present parallel policies in certain Immigration matters; and thirdly questions which depend upon the measure in which Canada can cooperate in carrying out a concerted international policy designed to provide permanent homes for refugees from Central Europe.

### XIII. *Deportations*

(a) (1) Under the first head comes the question of deportation policy which lies entirely within our domestic jurisdiction and relates to refugees already in Canada. It is submitted that consideration should be given to the advisability of making public a declaratory statement of the practice and policy of the Government. Such a statement might make it clear that *no person now resident in Canada will be deported to the country from which he came to Canada, or to the country of his birth or citizenship, if enquiry establishes that there is reason to believe that by virtue of his religion, race or political beliefs such person would be exposed to persecution as a consequence of his deportation from Canada.*

XIV. An authoritative statement on these lines would not, in fact, involve any appreciable change in what has been the practice of the Immigration Branch. In every case of which I am aware, deportation proceedings which might have resulted in sending back Jews to Germany or White Russians to the Soviet Union for instance, have ultimately been stayed before deportation took place. Unfortunately, however, the Government's role in such proceedings has inevitably been presented to public opinion as instigating and attempting to effect deportation and reluctantly yielding in each case to the pressure of press comment and the pleas of religious and humanitarian bodies.

XV. There is, of course, a risk to be run in making such a declaration of policy and standing by it. It would limit the competent Department's discretion in dealing with difficult cases, would probably be abused from time to time and might make the police problem of preventing illegal entry even more acute than it is now. On balance, however, it would seem that a positive statement of policy along the lines suggested at this time might be expected to have the following effects:

It would clear the Government's own record in the matter which is not as bad as newspaper stories might reasonably suggest. As matters stand, the Immigration Branch gets no credit for the clemency it has doubtless exercised in numerous individual cases, in which arrangements have been made to drop deportation proceedings before they ever reached the courts.

It would be received with real relief by considerable bodies of foreign-born Canadians whose status in this country may be technically irregular for some reason or other, and who are, therefore, under the terms of the Immigration Act, theoretically liable to deportation, a risk which is often exaggerated but may be used for blackmailing purposes either by unfriendly individuals or sometimes by the consular officers of the countries from which the immigrants came and to which they would have to return if they were deported. It is understood, for instance, that a considerable number of the Italian-born population in the city of Montreal, who are uncertain about the validity of their status in Canada, and who fear that they may be for some reason sent back to Italy are, or feel themselves, compelled to keep on the right side of their consular officers, join local Fascist and dopolevoro [*sic*-dopolavoro] organizations so that if they have to go back to Italy they will be received as Fascists in good standing. A statement of Government policy along the lines recommended should help to reassure these people and encourage them to become complete Canadians.

(b) *Entry of Immigrants*

XVI. Only the Immigration Branch can say how often it is compelled to reject applications from likely and deserving immigrants on technicalities arising from the Orders-in-Council that now regulate admissions. It might be worth while to reconsider those Orders and the regulations made under them in the light of the present situation to see whether without amendment of the Controlling Act and without modification of the main lines of our immigration policy it is feasible to facilitate the entry of individual refugees who appear, after investigation, to be likely to adapt themselves successfully to Canadian conditions. Query—does the immigrant still have to come direct from his country of origin? And if so, does this complicate unnecessarily the movement of refugees? Query—is use being made of the bonding facility (Section 13 of the Immigration Act) whereby non-immigrants can post a security for their temporary residence in Canada? Query—can a non-immigrant change his status to that of immigrant without leaving Canada and returning again from abroad?

(c) *Entry into Canada via the United States and Vice Versa*

XVII. Under an informal arrangement between the Canadian and United States Immigration services dating from 1924 or thereabouts it was agreed that neither country would allow persons to enter its territories with a view to ultimate immigration into the territories of the other. This arrangement, which was a very sensible one from a police point of view, entailed a good deal of hardship and expense in individual cases—it was modified in 1934 to allow persons resident in the United States and entitled to entry as United States non-quota or preferential quota immigrants to proceed to Canada to collect their needed visas at United States consulates here after “pre-examination” by United States officials at home. It might be worth

while exploring with the competent United States department the desirability of further liberalizing this arrangement so as to expedite the permanent settlement of refugees now in the United States on temporary visas.

651.

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
parlementaire de Grande-Bretagne aux Affaires des Dominions*

*High Commissioner in Britain  
to British Parliamentary Under-Secretary of State for Dominion Affairs*

London, December 1, 1938

CONFIDENTIAL

My dear Under-Secretary of State,

This will acknowledge your letters of November 28th and the 30th,<sup>1</sup> together with enclosures on the subject of refugees in Czechoslovakia.

I agree with you that our discussion on November 24th was a useful one, both in clarifying the problem itself and in emphasising the special urgency which attaches to it.

As I think I pointed out the other day, Canada is particularly interested in experienced farming families and skilled glass workers among these Sudeten refugees. If we knew exactly how many refugees there were under these two categories and what capital would be available for their settlement in Canada, then their selection could be made by officials of the Colonization Departments of the Canadian Railroads and of the Canadian Government here, so that they could be moved to Canada with the minimum of delay. That is what I meant at our last meeting when I said that admission might be authorised in certain cases without prior reference to Ottawa. Unfortunately, however, it is our understanding that the Sudeten German refugees who are farmers have left their farms, stock and equipment in the Sudeten area and are, for the most part, now destitute in Czechoslovakia. Unless, therefore, sufficient funds are available from the Institution for the care of refugees or from other sources to provide them with enough capital to settle on the land in Canada, it is difficult to see what action can be taken, at least on this side, without special authorisation from Ottawa.

It may interest you to know that our Emigration Office in London is receiving numerous applications daily from Austrian and Czechoslovakian refugees who have been temporarily or permanently admitted to the United Kingdom. These are forwarded to Ottawa at once in the case of those whose services could be regarded as essential to Canadian industry or those who have sufficient capital to establish themselves; but, as you are aware, cases of this kind can only be admitted under our present regulations by Order-in-Council.

<sup>1</sup> Non reproduite/not printed.

It still appears to me desirable that every appropriate form of pressure should be brought to bear on the Czechoslovak Government to exercise the most generous possible treatment in the matter of the amount of capital which migrants may be permitted to take out of the country with them. Otherwise, as I have said before, it will be much more difficult for my Government, and I am sure this applies to other Governments, to assist them.

There seems to have been a misunderstanding between Mr. Stopford and those whom he refers to as "Canadian representatives in Prague", by which presumably he means the Canadian Railway representatives who were there a short time ago. They may have given him the impression (though I am sure they did not intend to) that there was no necessity to hurry the emigration of refugees to Canada, but I can assure you that on the basis of information which we have been sending to Ottawa they are under no misapprehension there as to the special urgency of the Sudeten German problem.

Since commencing this letter I have received your note of December 2nd.<sup>1</sup> Herr Rehwald and Herr Slapak have already been in to see us at Canada House and we have done what we could to facilitate their mission to Ottawa.

Yours sincerely,

VINCENT MASSEY

652.

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Under-Secretary of State  
for External Affairs*

London, December 1, 1938

Dear Dr. Skelton,

I have just given letters of introduction to you to two Sudeten Germans and a Czech Government Official who are leaving for Canada to-morrow to discuss in Ottawa whether anything can be done to secure the admission of Sudeten German refugees to the Dominion. Mr. Little has given them similar letters of introduction to Mr. Blair of his Department and has, I understand, also explained to Mr. Blair at some length the purpose of their mission.

Herr Jaksch and Herr Wanka, the Leaders of the Sudeten German refugees, have recommended Father Reichenberger and Herr Rehwald, while Dr. Slapak bears credentials from his Government. I must say that we in this Office have been very much impressed by Herr Wanka's handling of the situation in his efforts to enlist support on behalf of his compatriots. He has always been very moderate in his demands and appreciative of the difficulties involved.

<sup>1</sup> Non reproduite/not printed.

Personally I am strongly of the opinion that the position of these three thousand or so Sudeten Germans in Czechoslovakia should be considered quite separately from that of other refugees. I am of this view partly because their situation is such an urgent one, and partly because I have come to the conclusion that they include among their numbers many persons who would be much more desirable as Canadian settlers and much more likely to succeed in our country than certain other types of refugees. Certainly their representatives have made a favourable impression on those with whom they have come in contact in London.

There is one further point which I would like to bring to your attention in connection with the visit of these three gentlemen. It has been suggested that it might not be wise to discuss with Father Reichenberger and Herr Rehwald when Dr. Slapak is present the question of the possibility of glass workers migrating to Canada. Dr. Slapak, as a Czech Government Official, may not be anxious to facilitate the movement of skilled workers of this kind to establish in Canada an industry which they may wish to retain for Czechoslovakia. The possible conflict of interests between the Czech official representative and the Sudeten German representatives in this particular matter is just one of the complicated factors that makes this problem, and indeed the refugee problem generally, such a confusing and difficult one.

Yours sincerely,

VINCENT MASSEY

653.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

PRIVATE

December 1, 1938

REFUGEES

Mr. King said this evening that the refugee question had been discussed most of the afternoon. It did not appear that any immediate or substantial project would receive support. It was considered there was very strong opposition in the country under the present employment conditions to the influx of any sudden or large amount of persons who would find difficulty in fitting into the economic or social life of the country.

Some consideration had been given to the possibility of asking Parliament to make a contribution in cash to provide for settlement of refugees on a large scale elsewhere than in Canada.

What was necessary was to work out a reasoned policy which could be stated in the House, and in the meantime might be made the basis of action and in some measure of representations to be made at the Refugee Conference. This would involve indicating our difficulties regarding unemployment; the extent to which it has been found necessary to restrict immigration generally, including immigration from Great Britain; that this

<sup>1</sup> De/by O. D. Skelton.

background must be taken into account in determining future policy; that in any action taken it does not seem desirable to adopt a quota; that any policy should deal with refugees in general, not merely Jewish; that as a matter of fact, we have been admitting a very considerable number of refugees as compared with other countries; that while our present regulations go pretty far, it is desirable to enlarge and liberalize them. (For example, Mr. Crerar suggested that the \$15,000 cash requirement might be cut to \$5,000, and instead of admitting one relative of a person already resident, "all?" relatives of the person might be admitted, but that while interpreting the Act more liberally, we should exercise stricter supervision to prevent evasion, e.g. make some organization here responsible for persons admitted).

Mr. Dunning thought some kind of international association might be asked to put up funds for persons coming in for particular industries.

There was some support for working out entry of Czech and Sudeten refugees, but a good deal of opposition even to this.

It was agreed that a statement such as set forth on page 7<sup>1</sup> of Mr. Robertson's memorandum should be issued, after revision and expansion by Mr. Blair.

The Prime Minister referred to the action of Harvard in establishing a number of scholarships for refugees, and a proposal from a Maritime university that similar action should be taken here.

Council wants, and Mr. Crerar is to get, a statement of what is being done by the different countries regarding refugees—United Kingdom, Australia, etc.

As regards the Refugee Conference to be held tomorrow, no instructions could be given beyond an assurance that the matter was now being considered.

654.

*Mémemorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

December 8, 1938

IMMIGRATION<sup>3</sup>

1. Having regard to the general situation in Canada we will not proceed on a quota basis, but will admit:

(a) All agriculturists having sufficient capital to establish themselves on the land; also wives and children joining family heads established here and girls coming to be married to men settled in Canada.

<sup>1</sup> Voir le paragraphe XIII du doc. 650/see Paragraph XIII of doc. 650.

<sup>2</sup> De la direction de l'Immigration, le ministère des Mines et des Ressources. By Immigration Branch, Department of Mines and Resources.

<sup>3</sup> Note marginale/marginal note:

"Memo read by Crerar in Council Dec. 8. . . ."

N. A. R[OBERTSON]"



(b) Refugees joining first degree relatives resident in Canada in a position to receive and care for them. First degree relatives will consist of parents, sons and daughters, brothers and sisters, and the wives and children of those that may be married. The term "refugee" will include not only those who must leave Greater Germany or Italy because of racial, political or religious views, but also those who have already left these countries and are temporarily residing elsewhere.

(c) Persons having sufficient capital (not less than \$15,000) to establish themselves and provide their own employment and maintenance.

(d) Professional and technical persons when their labour or service would be of advantage to Canada.

(e) Persons coming to establish new industries such as the manufacture of high grade glass and porcelain, when capital is available for that purpose.

(f) Refugee orphan children under fourteen for adoption and education, by families resident in Canada who are able and willing to provide suitable homes.

(g) Male fiancés when the Departmental investigation shows that settlement arrangements are satisfactory; this to apply only to applications already filed in the Department.

2. The practice will be continued of reuniting families in Canada where possible but the separation of families abroad will be discouraged. The Department will deal direct with those who submit their personally signed applications on forms provided by the Department for that purpose and will refuse to permit Canada to become a waiting-room for persons desiring to go to other countries.

655.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources  
au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources  
to Under-Secretary of State for External Affairs*

Ottawa, December 9, 1938

Dear Dr. Skelton,

Confirming telephone conversation of this morning about the possible settlement in Canada of Czechoslovakian refugees, I may say that we have been successful through the Colonization officials of the C.P.R. and C.N.R. who visited numbers of the refugee camps in Czechoslovakia, in obtaining a great deal of valuable information as to the number and type of settler found in the group of German Social Democrats (so-called Aryans). What we now desire to find out is whether capital will be available for their settlement in

Canada. There are a number of references on our file to the possibility that capital will be available overseas. It has been suggested that some part of the £10,000,000 loan of the United Kingdom Government to Czechoslovakia, might be available for this purpose. It is understood that a Treasury officer from London is in Prague controlling the application of that loan.

There are about 5,000 German Social Democrats who have left the Sudeten and other occupied areas and are living with friends or in refugee camps. An examination of a cross-section of these totalling 1400 persons, shows that most of them are industrial workers. There were upwards of 100 glass and porcelain workers amongst them and probably 150 agricultural families. There are many thousands of Czechs who have also left occupied areas but the real concern appears to be for the exodus of the German Social Democrats as there is a greater disposition to look after Czechs without considering emigration.

A delegation of three persons is now en route to Canada, these being Dr. Kamil Slapak of the Ministry of Social Welfare in Prague, Herr Franz Rehwald, the Editor of a Trade Union paper and also the Secretary of Herr Wenzel Jaksch, M.P., the Parliamentary Leader of the German Social Democratic Party and Father Emanuel R[e]ichenberger who represents the Catholic section of the Social Democrats. They are expected to reach Ottawa about the middle of next week and are coming with the purpose of discussing openings in Canada for refugees.

We have been exploring the possibility of transferring to Canada some of these highly skilled manufacturing units. What is needed is to bring an entire group that works as a unit overseas, that is to say, we need the management and the workmen. We have information that one group engaged in the high grade glass industry, can be transferred and started in Canada at a cost of \$20,000. This group would consist of a manager and 12 worker families. A second group that would engage in the pressed glass industry, would mean the transfer of a manager and 50 worker families and would require a capital of \$150,000. Another group interested in the porcelain industry would involve the movement of a manager and 40 worker families and would require a capital of \$100,000.

In addition to the above there are the agricultural families. While we have information about 150 who have done nothing but farm overseas, there are many more families who have been accustomed to work part of the week in industry and the balance on small agricultural holdings. There are probably 800 families of this type. Some of the farming families and some of the semi-farming class have a bit of capital; others have none at all. We can probably take all the experienced farmer families on the approach of spring, but it would require capital. Today I have been in touch with the Minister of Agriculture of Nova Scotia and find that his Province would be interested in getting some of these German farmers. He said, however, that he thought they would require \$1500 per family to ensure successful settlement. In some

other parts of Canada families could be settled with \$1,000 but where the family is only partly experienced or is accustomed to working only a small holding, it would require more money—probably \$2,000 per family.

A cable of the 1st instant from Mr. Little in London assumes that capital will be available from overseas and suggests that we fix the number of families we can take and then leave it to London to determine whether funds can be found in the £10,000,000 credit.

I mentioned to you today that in pursuance of an arrangement made by the Hon. Mr. Crerar with His Excellency, I visited Government House last evening and talked matters over with His Excellency, who was quite aware that the question of providing capital from overseas had been discussed and he suggested that Mr. Massey be communicated with to get into touch with the Foreign Office about this. Perhaps a cable somewhat along the following lines will be suitable:

Referring your cable 270 of first, Minister Immigration believes we can absorb next spring all German Social Democrat healthy families who are experienced farmers and possibly others partly experienced but require from one thousand to fifteen hundred dollars per experienced family and probably two thousand for partly experienced stop We will endeavour to take some glass and porcelain workers and possibly other manufacturing units to develop our natural resources but cannot absorb them without capital. Endeavour ascertain from Foreign Office whether capital will be available and what amount. This information necessary to develop further plans here.<sup>2</sup>

Yours very truly,

F. C. BLAIR

656.

*Mémorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

December 9, 1938

REFUGEES

Mr. King said that at Council yesterday some constructive proposals on the question of refugees had been brought in by the Minister of Mines and Resources. It was desired to prepare a general statement of policy which would include these proposals, for consideration at Council on Tuesday. Mr. King wished Mr. Robertson to consult Mr. Blair on this point and arrange for a statement.

It is desired to make clear that as in all cases we have to keep our own position in mind—trying not to create new difficulties in solving existing ones. It is necessary also to consider the unemployment situation.

Feeling this way, the Government is opposed to a quota solution (which would be bound to give rise to dissatisfaction from both angles). On the

<sup>1</sup> Voir le doc. 659/see doc. 659.

<sup>2</sup> De/by O. D. Skelton.

other hand, it is believed that existing powers are sufficient to deal with the matter by liberalizing them to meet humanitarian needs here and there. In this connection especially should consider relatives of persons now settled in Canada who can look after them or who can arrange to have them looked after by responsible organizations. Might let several members of a family re-unite here instead of one or two. Similarly other cases should be considered where special experience in crafts or professional attainment would make them a real acquisition to the economic life of the country. Certain men of agricultural training could also be placed.

It is noted the League of Nations Committee statement indicated some recognition of the difficulties facing the Governments in the statement that admission should be granted to "individuals carefully selected".

It should be pointed out that the Government had taken part in the Evian and other conferences and had regard for what the others are doing.

The reference to refugees should be general, not to any special type or group. Examine the possibility of other League of Nations Committee proposals. The Government would be prepared to agree to suggestion of a vote for rehabilitation of refugees elsewhere if the Conference prepares and submits programmes for their settlement—aid to children. Might point out that immigration under the B.N.A. Act is a problem for both Dominion and the Provinces. Must not run counter to provincial policy (apparently where it is a question of co-operation with a provincial agency for the care of children). The Government intend to continue as in the past to have all special applications for admission approved of by the Governor-General in Council (doubtful). Reference might be made to deportees and to any administrative variations found possible, and in this connection some reference might be made to the necessity of preventing fraudulent administration.

657.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

DESPATCH 507

Geneva, December 9, 1938

Sir,

I have the honour to request that I should be informed of any decisions which may be taken bearing on the admission of refugees to Canada, insofar as these may be a development or amplification of the policy outlined in the instructions sent to me as Canadian representative at the Evian Committee last July.

This information is desired both because it is needed in maintaining liaison with the refugee work of the League and because this office is continually

receiving requests for information on behalf of individual refugees or potential refugees in Switzerland, Germany, Czecho-slovakia, Hungary, and other countries.

I have etc.

H. H. WRONG

658.

*Le sous-secrétaire d'État parlementaire de Grande-Bretagne aux Affaires des Dominions au haut commissaire en Grande-Bretagne*  
*British Parliamentary Under-Secretary of State for Dominion Affairs to High Commissioner in Britain*

M. 582/74

London, December 12, 1938

CONFIDENTIAL

My dear High Commissioner,

You will remember that in my letter of the 28th November, I mentioned that, as a result of our discussion on the 24th November, a letter had been sent to Mr. Stopford outlining the position and asking him to do what he could to expedite the preparation and despatch of, at all events, preliminary lists of the nature desired. Communications have now been received from Mr. Stopford on this aspect of the matter and these are summarised in the enclosed note.<sup>1</sup>

It seems that it is likely to be very difficult to obtain any more informative lists than those which Herr Jaksch is said to have supplied, or to get any definite indication of the amount of capital which the individual migrant will have at his disposal, and there seems to be much in Mr. Stopford's suggestion that the Dominion Governments who are ready to receive any of these Sudeten German refugees should make their own capital requirements known in the hope that any sum required to make up the necessary figure would be forthcoming from the Refugee Institute or from some other source.

You will note that Mr. Stopford suggests that Dominion Governments might perhaps produce a list of trades which they favour, with an indication of the numbers of Sudeten democrats whom they might be able to accept over a period, so that Herr Jaksch may put forward a list of individuals whom he would regard as suitable, the question of the supply of capital then being left to be dealt with as indicated above. If this suggestion is practicable in the case of some, at any rate, of the Dominions, it might provide a means of making early progress. Mr. Stopford will, I understand, be returning to

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<sup>1</sup> Non reproduite/not printed.

London for a few days this week and we shall, of course, take the opportunity for discussing the position further with him. It may then be desirable to arrange a further meeting with you and the other High Commissioners.

I would add that he has been told by the Czechoslovak authorities that they propose to allocate approximately £1 million, out of the £10 million advance made to them by the United Kingdom, to the Refugee Institute but obviously only a part of that sum is likely to be devoted to migration purposes. In this connexion you may like to have the enclosed provisional translation of the Decree setting up the Institute.

Yours sincerely,

DEVONSHIRE

659.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 269

Ottawa, December 17, 1938

Your telegram No. 270 of 1st December. Following from Skelton. Can you, without making any direct enquiries, advise before December 20th what capital could be made available for establishing German Social Democratic refugees in Canada?

660.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 296

London, December 19, 1938

Your telegram No. 269, December 17th. During negotiations between Treasury and Czech Financial Mission recently in London proposal was made that out of British loan amount of £200 per family, plus passage money, should be set aside for migration of Sudeten German refugees. Mission returned to Prague Saturday and definite decision expected on this point very shortly. In addition there are certain Sudeten refugees having funds in excess of this amount and arrangements are in process as to transfer of these funds at an agreed rate of exchange.

MASSEY

661.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources  
au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources  
to Under-Secretary of State for External Affairs*

Ottawa, December 23, 1938

Dear Dr. Skelton,

This will acknowledge receipt of your communication of yesterday<sup>1</sup> enclosing copy of despatch [sic] No. 296 of the 19th instant from Mr. Massey on the subject of proposed capital for the migration of Sudeten German refugees.

Two days ago our Minister met the Czechoslovak delegation of three persons, who incidentally were to visit your office later in the day, and discussed with them at some length the question of settlement, especially land settlement. The Colonization officials of the Railways were present and as these have during the past few years been doing a good deal of settlement work with Continental families, the matter of capital came up for a good deal of consideration. Mr. Rehwald and Dr. Slapak had both spent two or three days in Western Ontario visiting Czechoslovak families who came to Canada during the past two years and both realize the necessity of adequate capital. No person knows better than the Colonization officials of the Railways the need of sufficient capital to give a family a start in such a way that they are not likely to have to leave the farm in which case they drift into the cities. The consensus of opinion is that the minimum capital that should be available after transportation is paid is \$1500.

In the despatch from London it is said that the Czech financial mission returned from London to Prague with a proposal to secure a loan of £200 plus transportation per family. I understand from a telephone message I have this afternoon received from the C.P.R. at Montreal, that Mr. Rehwald is cabling his friends in London today urging that at least £300 be made available. While of course I know that we are not making a request for capital, I think it might be well to say to Mr. Massey that an amount of £200 per family will not solve the capital problem. It may save misunderstanding and delay if Mr. Massey knows that. In my letter to you of the 14th instant<sup>1</sup> I mentioned a capital of two millions for the 3500 people. The way this was arrived at was reckoning that there are from 1,000 to 1,200 families and you will observe that this was a much higher per capita allowance than £200. Both New Brunswick and Nova Scotia which are interested in the settlement, have asked that the minimum capital be fixed at not less than \$1,500.

Yours very truly,

F. C. BLAIR

<sup>1</sup> Non reproduites/not printed.

662.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 302

London, December 29, 1938

Your telegram No. 277, December 27th.<sup>1</sup> Amount United Kingdom Government and organizations here attempting to secure for Sudeten German refugees has been £200 per family plus cost of transportation. If £300 required, even including cost of transportation, for experienced agricultural Sudeten German families, would this not mean discrimination having regard to past and future settlement on basis of \$1000. Letter from Little to Blair December 21st states that Czech Government officials indicated here last week that \$1000 per family would be available for experienced agricultural Czech refugees and question of further contribution for transportation to destination would be considered. This assistance would cover 5000 Czech experienced agricultural families apart from Sudetens if £300 per family is secured. Is there any assurance that Sudeten Germans will be admitted for settlement irrespective of agricultural experience? If not, would it not be advisable to stand on basis of Continental scheme for experienced agricultural families and fix £300 for those not wholly experienced.

663.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 22

London, January 18, 1939

Czecho-Slovakian refugees. Little has received telegram from Blair to the effect that Canada will accept suitable Sudeten German families who are physically fit if they have £300 in addition to transportation. At the Conference today at Treasury the Czech Government officials state that they will set aside £500,000 for the settlement of Sudeten Germans in Canada. On informing them of Canada's proposals as above they state that they will tell us as soon as possible the number of family groups involved so that we may know how much will be available per family. Have urged on them the necessity of quick action and also secrecy. It seems pretty certain that the amount available will not reach £300 per family plus transportation but may not fall very

<sup>1</sup> Non reproduit/not printed.



far short of that amount. In the last resort may be possible to secure something from the fund collected here privately for (word omitted). Are there any similar funds in Canada.

MASSEY

664.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 27

London, January 25, 1939

With reference to my telegram No. 5 of January 9th,<sup>1</sup> Intergovernmental Committee on Refugees. As Berlin conversations not yet completed meeting called for January 26th postponed and new date will be announced as soon as possible. No instructions received yet for this Conference though Little of this office has received a long letter from Blair explaining the Canadian attitude. Is this to be considered statement of Government's policy?

MASSEY

665.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 25

London, January 26, 1939

SECRET. My telegram Circular B. 440, 29th December.<sup>1</sup> Following for your Prime Minister, Begins:

*Refugees.* According to Mr. Rublee, tentative agreement, subject to confirmation, was reached on the following lines between him and Dr. Schacht before latter's relinquishment of office as President of the Reichsbank:

(a) Accurate census of German Jews to be made during the next three months. Meanwhile number of earners to emigrate within three to five years is assumed to be 150,000, with 250,000 dependants to follow as earners are established. Further 200,000 invalids or elderly persons to remain and to be provided for in Germany. Those in concentration camps or on United States quota list to emigrate first;

(b) Germany cannot provide any foreign exchange to facilitate emigration but one-quarter of confiscated Jewish property would be set aside in hands of trustees as an emigration fund gradually to be liquidated as required:

<sup>1</sup> Non reproduits/not printed.

(c) No pledge given as to transfer of this amount though it would be theoretically transferable when conditions permit;

(d) Fund to be used for purchase of equipment for emigrants and capital assets for development of settlement schemes. The German Government requires to be paid in foreign exchange the cost of imported raw materials used in these exports, passages and freight charges also possibly to be paid for from fund;

(e) Emigrants to be allowed to take personal and household goods and professional equipment (possibly excepting jewellery, silver and objets d'art) free of emigrant's tax or other levies;

(f) Question of customs duties and of Clearing or Payments Agreements in relation to above exports to be examined;

(g) Remainder of Jewish property in Germany to be used to provide reasonable conditions for those remaining in Germany and those awaiting emigration.

Above proposals should, in view of succeeding events, be treated with all reserve as unlikely to be considered as binding by either side. But General Goering invited Mr. Rublee to see him after Dr. Schacht's relinquishment of office and during cordial conversation informed him that his ideas regarding emigration were the same as Dr. Schacht had put forward; that discussions were not broken off but were to be continued from point reached with Dr. Schacht; and that Dr. Wohlthat had been designated for this purpose.

Mr. Rublee has now met officers of Intergovernmental Committee in Paris and is returning to Berlin. Ends.

666.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 41

Ottawa, February 4, 1939

CONFIDENTIAL. Reference your despatch [sic] No. 48 of this date<sup>1</sup> plans are being completed between Immigration Branch and Colonization Departments Railways for land settlement for Sudeten German refugees suitable for that purpose whether fully experienced or not. Proposed by Railways to select and by Immigration to examine these where now located although it may be impossible examine small groups in Scandinavian countries. Examination

<sup>1</sup> Non reproduite/not printed.

overseas will be regarded as final and those passed will be accepted here for permanent residence without likelihood deportation. Canadian Treasury officials will handle funds and Immigration will arrange whatever form accounting required but suggest it be simple form in view Canada's permanent acceptance of problems. As spring approaching when settlement must begin require prompt advice regarding accounting desired and whether credit can be established soon for preparatory work. Presume same financial ratio per family will apply for settlement industrialists as for farmers. Mr. Crerar desires avoid any publicity at present as this might interfere with entire project.

667.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 58

London, February 9, 1939

Your telegram No. 41, February 4th, suggesting Canadian Treasury officials would handle funds for settlement of German-Czech groups. Your suggestions put forward at meeting yesterday. Colonization Department of Railways propose as best course to follow and Treasury officials here agree to recommend to Refugee Institute of Czecho-Slovakia that same procedure be adopted as is now in force under Continental Families Movement, namely, that each family should carry cheque for \$1500 or other negotiable (draft?) payable jointly to heads of families and railway companies responsible for settlement. This joint cheque could be uplifted at port of landing and placed to joint account pending satisfactory settlement, the family receiving a receipt for deposit. Railroad asks to what extent single men and women may be included in individual families. As Stopford leaving for Prague over the week end would appreciate reply as soon as possible indicating approval or alternative suggestions.

As regards assumption that same financial ratio per family will apply for settlement of industrialists, Treasury here state that in practice it will undoubtedly work out this way though it would be most unwise to attempt to get official confirmation from Prague in view of the fact that Czech Government are agreeing to raise amount from \$1000 to \$1500 because of argument that heavy expenditure will be necessary to train emigrants, erecting farm buildings and clear the land. See Blair's cablegram to Little January 13th.<sup>1</sup>

<sup>1</sup> Non reproduit/not printed.

668.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 61

London, February 9, 1939

Your telegram No. 48 of February 8th,<sup>1</sup> Sudeten German refugees. Informal enquiries here have elicited assurance that wherever possible refugees will travel on British ships and that United Kingdom Government will be willing to give them temporary asylum in England under the conditions outlined in your telegram above.

MASSEY

669.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources  
au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources  
to Under-Secretary of State for External Affairs*

Ottawa, February 10, 1939

Dear Dr. Skelton,

I am in receipt of yours of yesterday<sup>1</sup> with copy of telegram 58 of yesterday's date from the High Commissioner, on the subject of handling of settlement funds for the German Czech families.

I wrote last evening to the Colonization Branches of the Railways in Montreal who, under the arrangement for handling these families, must accept responsibility for settlement and I told them of the plan suggested by their officials in London. The officials in Montreal have just telephoned me to say that they are very much annoyed that their people in London without consultation or direction should have offered such advice as is mentioned in Mr. Massey's telegram.

The whole problem of examination, reception and settlement was thoroughly discussed by the Colonization Branches of the Railways with our Minister and ourselves before I wrote you on the 4th instant<sup>1</sup> embodying a draft cable<sup>2</sup> to Mr. Massey. We were all agreed that we must avoid creating in the minds of individual families that they were the owners of \$1,500. The London

<sup>1</sup> Non reproduits/not printed.

<sup>2</sup> La base du doc. 666/the basis of doc. 666.

officials of the Railways have been accustomed to dealing with fully experienced farmers possessing their own capital and I suppose without any thought of the difference in type etc., they concluded that the German Czechs can be handled in the same way but this is impossible.

Most of these families have very limited agricultural experience. It will be necessary to give them special care and training and we are agreed that we will have to get a local practical farmer to live with each group for a time to direct their efforts. Neither the Dominion Government nor the Railways can provide that special form of help and it was agreed that it would be a legitimate charge against the settlement funds. Then both the Czech and United Kingdom authorities are anxious that we should allow a number of single young men and women to be linked up with the individual families. We have agreed to this but we realize that they must be looked upon as having some interest in the capital expenditure. To create in the minds of the heads of families that they own \$1,500 will make it impossible to deal fairly with these individuals.

It must be kept in mind that the \$1,500 for settlement is not the property of the individual nor is it a loan to be repaid but rather a sum with which Canada undertakes to settle these people. It is not part of the plan that \$1,500 is going to be set aside for any one family. It will be possible to settle some families with less but in other cases it will take more. From my conversation with the Railways today I believe they will withdraw from the whole plan if funds have to be dealt with in the manner suggested in London.

I would suggest that the following cable be despatched to Mr. Massey. I have read it to the Colonization officials of the Railways in Montreal and they endorse it without hesitation:

Replying your despatch [*sic*] fifty-eight of the ninth instant both Immigration and Colonization officials responsible for settlement families strenuously object to creating in minds of individual families their personal ownership of settlement funds Stop The plan discussed with Immigration Minister and unanimously agreed upon here is to make one united fund to be administered through Immigration Department by Colonization Branches of both Railways with the recognition that some families may be settled with less than average capital while others will require more due to varying costs of land and also meagre knowledge of farming by majority families Stop The future of single men and women who may be linked up with families must be protected and this possible only if settlement funds handled in manner proposed here Stop Some general credit must be established immediately to enable Railway officials acquire land and prepare for reception families Stop Immediate acceptance Canadian plan urgent as otherwise fear complete breakdown.<sup>1</sup>

Yours very truly,

F. C. BLAIR

<sup>1</sup> Le télégramme 54 au haut commissaire en Grande-Bretagne était semblable à ce projet. Telegram 54 to the High Commissioner in Britain was similar to this draft.

670.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 67

London, February 13, 1939

My telegram No. 54, February 7th.<sup>1</sup> Following is summary of proceedings at opening of third meeting of Inter-Governmental Committee on Refugees at which Mayrand and I assisted this morning. The Argentine Ambassador in London, Senor Le Breton, was elected fifth Vice-Chairman of the Committee. Rublee, Director of the Committee, read and explained the strictly confidential memorandum tentatively agreed to between himself and the German authorities and relating exclusively to Jews of German nationality or stateless Jews in Germany. According to Part 1 of the memorandum distinction would be made between 150,000 Jews classed as wage-earners and approximately 250,000 regarded as dependants of wage-earners. The former would emigrate first in annual contingents over a period of three years. Practical organization would be carried on by bureaux representing Jewish organizations of Germany under the control of a Commissioner designated by the German Government, assisted by foreign private experts enjoying the confidence of the receiving Governments and agreeable to the German Government. Facilities would be granted for retraining of wage-earners for emigration.

Part 2 deals with the position of persons remaining permanently in Germany and those awaiting emigration. It is the intention of Germany to assure that old persons and persons unfit for emigration may live tranquilly unless some extraordinary circumstances should occur. There would be no recourse to sources outside of Germany for the maintenance of these persons.

Part 3 deals with the financing of emigration. Trust Fund would be established in an amount of not less than 25% of existing Jewish wealth in Germany, which would be administered by two German and one foreign trustees, and the principal of which would be used to purchase equipment and to meet the travelling and freight expenses of emigrants. The Haavarah method of transfer would be permitted to operate. Remainder of Trust Fund would be eligible for transfer whenever conditions allow. Goods purchased out of the Trust Fund would be exported free of all taxes and emigrants could take with them most personal effects.

Rublee expressed the personal conviction that above conditions represented maximum German concessions and that the opportunity of doing something should not be missed. Rublee then announced his resignation as Director of the Committee which is necessary because of his private business. Rublee

<sup>1</sup> Non reproduit/not printed.

in private conversation with me at lunch expressed his view that if the Committee were able to accept the German proposal this would greatly strengthen the hand of the more moderate elements in Berlin, whereas partial or half-hearted acceptance of the plan might present powerful arguments to extremists in Germany.

MASSEY

671.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 70

London, February 14, 1939

Having received no reply to my telegram No. 27, January 25th, do not propose to make any statement at present meeting of Intergovernmental Committee on Refugees, and am sending Mayrand as observer to report meeting. Most representatives attending will, I believe, be making statement on behalf of their Governments.

MASSEY

672.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 59

Ottawa, February 14, 1939

CONFIDENTIAL. Your telegram No. 70 of 14th February, regarding representation on Inter-Governmental Committee on Refugees. You are aware from telegrams exchanged with this office during past two months of progress that is being made in arrangements for admission of Sudeten German refugees and of our anxiety lest premature publicity in Ottawa or London prejudice the carrying out of this substantial project. In light of these circumstances and of your knowledge of political history of immigration question in Canada you will understand why we fear any public statement of policy in respect of reception of refugees will provoke essentially irrelevant controversies which would put in jeopardy what is presently being done through use of discretionary powers under Immigration Act and what it is hoped may be done for the Sudeten Democrats.

Until such time as the Government are in a position to submit statement of policy to Parliament there is nothing positive that you can say to Intergovernmental Committee with whose purposes Government have fullest sympathy and in whose work they are prepared to cooperate so far as is

feasible. It would be most unfortunate if your absence from meetings of Committee were construed as evidence of lack of Canadian interest in its task and I should therefore be grateful if you would continue to attend as Canadian representative.

673.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 75

London, February 15th, 1939

Your telegram No. 59, February 14th, received this morning. Meetings of Inter-Governmental Committee on refugees concluded yesterday, next meeting to take place probably next July. Subject of Sudeten German refugees lay outside scope of Committee's deliberations which were concerned exclusively with problem of Jewish refugees from Germany.

Inter-Governmental Committee in final session last night requested Director to inform German authorities:

(1) That Committee will endeavour to develop opportunity within the next 5 years for settlement of involuntary emigrants from Germany within the limits and practice of members of Governments, and

(2) That Committee take cognizance of projected private international corporation to serve as financing agency and provide necessary contacts.

Committee passed other resolutions recommended, namely, that Mr. Robert Pell, previously Assistant Director, be appointed Vice Director of Committee with full executive authority in the absence of Director, and that Sir Herbert Emerson, League of Nations High Commissioner for Refugees, be invited to to become also Director of Inter-Governmental Committee.

MASSEY

674.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 62

Ottawa, February 15, 1939

CONFIDENTIAL. Referring to your telegram No. 66 of 13th February,<sup>1</sup> initial credit should be \$150,000 as several blocks of land must be acquired

<sup>1</sup> Non reproduit/not printed.



calling for initial payments. If assured now that this will be available by first March it will be satisfactory. Immigration and Railways unhesitatingly agree that minimum two hundred pounds will be spent on each family and also that the entire funds provided will be spent for benefit of settlers on land, livestock, equipment, services, subsistence and building materials. It is proposed have settlers erect own buildings where possible in order conserve funds. Everything supplied settlers will be furnished at lowest possible cost. Where settlers have personal funds these should be carried in negotiable form payable to owners and Railways who will account for these funds to settlers themselves thus preventing absorption of private funds into central fund. Rehwald has statement prepared by Railways showing approximate likely cost settlement per family.

Railways suggest advisability booking families in England to central distributing points like Winnipeg where Government has Immigration Hall and providing special fund to cover cost additional transportation to ultimate destination and food en route as families will be on trains from two to four days. This will make for more satisfactory distribution. Do authorities concur in this arrangement?

675.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 34

London, February 16, 1939

Sir,

Supplementing my telegram No. 66 of February 13th, I have the honour to inform you that a meeting was held on Monday, February 13th, in this Office, to consider arrangements for the proposed migration of Sudeten German refugees from Czecho-Slovakia in the light of your telegram No. 54 of February 10th.<sup>1</sup> The meeting in question was attended by Herr Wanka, representative of the Sudeten German Group, Mr. Trend of the Treasury (who, on Mr. Stopford's return to Prague, is the Treasury expert on this matter), Mr. Price of the Dominions Office, Mr. Johnson of the Canadian National Railways, Mr. Cresswell and Mr. Rawlinson of the Canadian Pacific Railway, Mr. Shepherd of the Cunard White Star, and Mr. Pearson, Mr. Little and Dr. Jeffs of this Office.

2. An earlier meeting had been held on Thursday of the preceding week at the Treasury, which was referred to in my telegram No. 58 of February 9th. At this meeting suggestions for administering the fund to assist Sudeten German migration to Canada were made along the lines mentioned in the

<sup>1</sup> Voir le doc. 669/see doc. 669.

above telegram. Emphasis was laid on the fact that in Annex III of the recently concluded Agreement between Great Britain and Czecho-Slovakia, which has been published as a White Paper (Command 5933) and already sent to you, each individual or family is entitled on emigration to £200. It is because any assistance to Sudeten refugees from British-Czech official sources must fall within this provision of the Treaty, that the Treasury officials here were at first somewhat doubtful as to how arrangements could be altered to comply with the stipulations of your telegram No. 54.

3. It is unfortunate that we had not been able to receive here at an earlier date information concerning these new arrangements. We have learnt since that Herr Rehwald was informed of them in Ottawa, but it was only to-day that we were able to secure from him a copy of his report on his mission. This report is comprehensive, but as it is not, in any sense, official, we would not be able to use it as such in our discussion with the British or Czech representatives.

4. The railway officials are much more completely informed on these matters than we are. Mr. Little this morning received from Ottawa a copy of a letter that Mr. Blair sent to Mr. Macalister of the Canadian Pacific Railway and Mr. McGowan of the Canadian National Railways on February 4th, which gave many details concerning arrangements for settlement, finance, etc. This was also too late to help us in our recent negotiations with Czech and British Government representatives; and the form in which it was received leaves something to be desired as a method of communication.

5. Your telegram No. 54 of February 10th was the first official information we had received concerning the arrangements proposed in Ottawa to deal with this matter. Otherwise, we might have been in a position to confer with the Treasury before the Agreement with Czecho-Slovakia was signed, to ensure that nothing would be inserted in that Agreement which might conflict with arrangements being made in Ottawa for the reception and settlement of the Sudeten German group.

6. It was unfortunate that your telegram in question arrived too late for purposes of consultation with Mr. Stopford, who left for Prague by air that same morning. We were, however, successful in sending a copy to him before his departure and he has promised to take the Ottawa proposals up at once with the authorities in Prague.

7. I understand that both Herr Rehwald and Herr Wanka prefer the arrangements as outlined in your telegram to those visualised in the British-Czech Agreement. They feel, however, that certain families in their group may be somewhat hesitant about accepting arrangements which seem, superficially, to deprive them, as individuals or as families, of a right to the possession of a particular amount which had been accorded them under Annex III of the Treaty. At the meeting on Monday, Herr Wanka stated that he would attempt to convince his group that the Ottawa arrangements were in the best

interests of all concerned, and that there was no danger of each family emigrating not receiving more in actual value out of the central fund than they would if they had retained individual or group title to £200. There is, of course, no question of any such title being acquired under the Agreement to £300, the approximate amount which, in fact, is to be put aside for the migration of these refugees. Herr Wanka, who is now busy organising the families who wish to go to Canada, and who has stated that a hundred such families will be ready very shortly, brought up the question of the relation of any refugee's individual private capital to the central fund. The understanding here is that if a refugee can take out of Czecho-Slovakia, say, £100, his family will only be entitled to receive from the Refugee Fund the difference between that amount and the £300, or, to be more accurate, the \$1,500, which is to be allotted. If, however, all the money taken out goes into a central fund, this particular family would naturally feel rather more doubtful as to the wisdom of such an arrangement than those who have no capital of their own. It was however pointed out that this is not a practical difficulty. Very few of the refugees have any private capital and, in many cases, the £100 involved would be just as safe in the central fund as in a bank, and would be used solely for the family which possesses it.

8. It was owing to the fact that one hundred families would be ready shortly for emigration that the question was asked in our telegram No. 66 as to how much money was required for the general credit to be established, and what was meant by immediately.

9. The general conclusion reached at the Monday meeting was that the arrangements as outlined by the Immigration and Colonisation Department were quite acceptable, but that as they did, in fact, represent a change from those originally contemplated, agreement would have to be secured both in Prague and at the Treasury here to the alterations proposed. Mr. Trend promised to communicate at once with Mr. Stopford in Prague and try to get the matter cleared up. Meanwhile, he was anxious that we should secure ourselves as much detailed information as might be available concerning the amount required immediately for the central fund, how it was to be administered, etc.

10. The impression has been received here that certain other countries are now making proposals to the Sudeten group, which may account for a certain hesitation displayed by the leaders of that group in their immediate and unqualified acceptance of the Canadian arrangements. Australia and Bolivia have both been mentioned in this connection. Another difficulty is that this group is not, of course, composed of the same type of individuals as are ordinarily moved as emigrants from Central Europe to Canada. They are of a much higher type than the ordinary migrant and, therefore, possibly more interested in arrangements made for their despatch and their reception. As they have nearly all in the past possessed private capital and some of them indeed have had considerable means, the distinction between £300 in

a central fund and £300 in their individual names means more to them than to a settler who had probably never possessed so much capital in his whole previous existence.

11. While appreciating the above considerations, Mr. Pearson at the end of the meeting on Monday, pointed out to Herr Wanka that it should not be forgotten that in fact this was a refugee question and that the Canadian authorities were waiving regulations to permit the acceptance of the group; that any hesitation on the part of the group, or any unreasonable quibbling over arrangements might very easily defeat the whole scheme. The upshot of the meeting was that the British Government would attempt to secure the immediate acceptance in Prague of the new arrangements and that Herr Wanka would, with all possible speed, and with the co-operation of the Railways, proceed with the selection of the families for Canada, on the assumption that these arrangements will be accepted; and that, meanwhile, we would attempt to secure further information of details concerning them.

12. Since beginning this despatch I have received your telegram No. 62 of February 15th which covers most of the points raised above. I have sent copies of this telegram both to the Treasury and to the Dominions Office in the hope that they will expedite a decision in Prague in regard to the new administrative arrangements.

I have etc.

VINCENT MASSEY

676.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 85

London, February 21, 1939

Your telegram No. 62, February 15th, Sudeten Germans. Stopford telephoned today from Prague to say that Czecho-Slovak Government accept in principle financial arrangement as drawn up in Ottawa for movement of above groups.

677.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 88

London, February 23, 1939

Your telegram No. 62, February 15th, Sudeten Germans. Treasury here state they will have \$150,000 ready for transfer by March 1st if we tell them

where it is to be deposited and in whose name. In respect of personal funds up to \$1500 Treasury, Prague and representatives of railways here now feel that arrangement outlined in the above telegram unnecessarily complicates matters as it means that funds for settlement purposes have to come from two separate sources and therefore double accounting by railways necessary. Also there would be danger of settlers after arrival in Canada refusing to authorize release of their personal funds held on deposit by railways until satisfied that they had received from central fund their entire share. In the circumstances, all parties here and Prague interested in this matter now recommend adoption of procedure of uplifting all personal funds up to \$1500 per family and crediting these against central fund, with each family proceeding to Canada on the same general understanding that \$1500 on the average will be spent on their settlement. Railway representatives state that if a family contributed personally the whole \$1500 it would be a simple matter for advice to be sent to the settlement organization in Canada that exactly \$1500 must be spent in connection with this particular settlement.

Would appreciate hearing by cable whether you approve of these suggestions for handling personal funds. Complication has arisen over subsistence in Canada for settlers en route. Treasury and Prague Committees were of the opinion that this was not included in transportation costs and no provision has been made for meeting it from funds under British-Czech Agreement. Treasury say that they will endeavour to secure amount necessary from official or charitable funds here. If there are any such funds in Canada, strongly advise they might be used for helping to defray the cost of feeding refugees en route in Canada to final destination.

MASSEY

678.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 45

London, February 23, 1939

Sir,

I have the honour to report that I received this morning a call from Mr. K. H. Broch, who carries credentials from the late Government of Catalonia and is now acting on behalf of a Committee interested in the problem of Catalonian refugees.

2. Mr. Broch has enquired whether there was any possibility of the Government of Canada receiving experienced agriculturalists among the Catalonian refugees as settlers. He assured me that if the Government were interested there were sources from which funds would be made available in connection with the movement of these people and their settlement.

3. Mr. Broch also showed me a list of certain distinguished intellectuals who have been forced to leave Catalonian territory. These include a number of eminent scientists, men of letters and musicians. I made the obvious reply to Mr. Broch in this connection and pointed out the inability of Canada to admit members of the professional classes except in special cases, under present conditions.

4. In connection with the group of refugees in the category of intellectuals, it occurs to me that it would be of the greatest use if some "clearing house" were established in Canada, presumably under private auspices, which could list the names of men of eminence in the world of science, education, literature and the arts, in whose availability universities or industrial enterprises might be interested. As I have ventured to suggest in previous communications there are many men of great eminence in the occupations mentioned above, some of whom from time to time could be absorbed in Canada greatly to the advantage of our community.

5. Although the answer to Mr. Broch's request as to the intellectual refugees is self-evident and has already been given him, I would like to know whether the Government would be interested in the admission of any of the Catalonian agriculturalists referred to above and if further information on the subject is desired.

I have etc.

VINCENT MASSEY

679.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources  
au sous-secrétaire d'État aux Affaires extérieures*

*Director of Immigration, Department of Mines and Resources  
to Under-Secretary of State for External Affairs*

Ottawa, February 25, 1939

Dear Dr. Skelton,

This will acknowledge your communications<sup>1</sup> of the 7th, 14th and 15th instant transmitting copies of telegraphic despatches, 54, 67 and 75, from Mr. Massey, all on the subject of the meeting of the Inter-Governmental Committee on Refugees held in London.

I observe from despatch No. 75 that the Committee's deliberations were concerned exclusively with the problem of Jewish refugees from Germany. Despatch No. 67 indicates that there are about 150,000 classed as wage-earners who are supposed to move first (over a period of three years) and that there are 250,000 classed as dependents of wage-earners who I suppose will be expected to move later. It is also observed in this despatch that elderly persons and those unfit for emigration may continue to reside in Germany without distress to themselves and without the necessity of being supported

<sup>1</sup> Non reproduites/not printed.

from funds outside of Germany. It is said that those who migrate will be able to take with them most of their personal effects. Since this cable was sent, I have observed in the press a despatch emanating from German sources, that Jewish people must turn over their jewellery and other valuables of that sort.

In quite a number of cases the applications coming to us—and they come by hundreds every week—show that the proposed immigrants have been successful in getting capital out of their own country to some other country from where it can be transferred to Canada. It appears from our contacts that there are millions of pounds of refugee money in England, Switzerland and the United States and also a considerable amount in Canada as well as smaller amounts in France, Belgium, Holland and Denmark. I cannot see that the financial proposals made by the German Government to Mr. Rublee will be very useful to us in dealing with the question of immigration of refugees.

Germany's suggestion that wage-earners be moved first is not helpful from our viewpoint. We have adopted the practice which has been in vogue for the past few years, of refusing to break up families overseas. There has been a great deal of pressure in recent months to have the door opened here for the admission of children, as is being done in England. There, I understand admission is temporary but from our understanding of conditions, these Jewish children are not orphans and will not be allowed to return to Germany; therefore, the United Kingdom Government will have to face dealing with the remaining members of families. Here, we have refused all requests for the admission of children unless they are orphan children. Where there are children belonging to a family, we either refuse these children or take the family as an entire unit. A few days ago a Jewish delegation met our Minister when this subject was thoroughly discussed and it was made very clear to them that Canada is not likely to embark on any scheme of bringing parts of refugee families here and leaving the others temporarily at least, in Germany. What I have said about children applies equally to the class that Germany describes as "wage-earners".

We are bringing in family remnants and admitting those with a considerable amount of capital which can be used to establish the owners in productive work and there is a growing movement of both capital and immigrants in connection with the establishment of new industries in this country. The fear that was expressed at the time the Evian Conference was to be set up, viz., that trying to save the German refugees might bring about similar pressure by other countries, turns out to have been well-founded; we are getting many requests from refugees in Italy telling us that the zero date is approaching when they must leave. We have numerous requests from Czecho-Slovakia, Hungary, Roumania, Poland and Lithuania appealing to be saved from the rising tide of anti-Semitism. Many of the applicants seem to think that they are just one degree worse off than the refugees of Germany.

Instead of dealing with these refugees on a quota basis, we are dealing with them on the individual merits of each case—having regard to the settlement conditions and opportunities here. It may interest you to know that since the beginning of December we have recommended the admission of about 600 individuals by Order-in-Council: then of course we admit all others freely who can comply with the general regulations.

Yours very truly,

F. C. BLAIR

680.

*Le consul général de Pologne au secrétaire d'État  
aux Affaires extérieures*

*Polish Consul General to Secretary of State  
for External Affairs*

No. 287/1

Ottawa, May 11, 1939

Excellency,

In consequence of measures taken by the government of Reich with regard to the Jewish population, the German authorities have expelled at the end of October 1938 from German territory about 11.000 Jews which were formally in possession of Polish passports. At the same time nearly 6000 Jews emigrating from Germany crossed in different places the Polish frontier. As this number of Jews will include all family members of Jewish emigrants who in the course of next months will be arriving to Poland—the total sum of these emigrants, heavily increasing the effective Jewish population in Poland, may be estimated as 30.000 persons.

It is to be noted that Jewish refugees from Germany though formally in possession of Polish passports, represent in reality an element mostly born abroad, established since many years in Germany and deprived of any cultural, economical and often even family contact with Poland.

The afflux of this foreign element creates a serious anxiety for an overpopulated country where the question of emigration, and especially of Jewish emigration—as the Jews are in Poland exceedingly numerous—constitutes one of the economical and social problems which needs an urgent and radical solution.

The Jewish population in Poland amounts to ca 3,5 millions what represents 10% of the total population. In the country where the problem of overpopulation is the first one to be faced by the State—the strong tendency towards emigration has always existed amongst Jews. Before the Great War the annual emigration of Jews amounted to 65.-70.000 persons. After the War this natural tendency of Polish Jews for emigration has been suddenly checked by the immigration restrictions in many countries.

In the last years the Jewish emigration from Poland has not reached even 10.000 persons per an. The afflux of Jewish refugees coming from



neighboring countries during last year has created a paradoxal situation—that Poland, country of notorious Jewish emigration, has suddenly become the country of Jewish immigration.

In the course of economical discussion and the discussion on the Palestine problem in the League of Nations during the last years the Polish Government has laid stress on the importance and actuality of the Jewish emigration from Poland pointing at the demographic and economical character of this problem which should be resolved by a constructive international action.

Until now the international action in that sphere has been directed solely to the refugees from certain determined territories. The action aiming at the transplantation of Jewish refugees has actually created such situation in which the exiguous possibilities of voluntary and normal Jewish emigration subsisting till this time, has still diminished. The solution of the problem of Jewish emigration from Poland has been therefore stopped and hindered by the circumstance, that the international action is exclusively limited to the refugees and even only the refugees of one determined extraction.

In these conditions the Polish Government aware of his duty to defend his largest national interests as well as the vital and natural interests of his citizens, is obliged:

- (1) to claim the right of immigration for his Jewish population on the basis of the rights which have been acknowledged or may be acknowledged in future to the Jews originating from Germany or any other country in Europe. The fact that Poland did not adopt for the solution of its Jewish problem the unilateral methods should not in the least diminish its rights in the sphere of Jewish emigration as far as these rights have been acknowledged to other countries.

- (2) To insist that the Jewish refugees whose only contact with Poland is the fact of their possession of Polish passports and whose situation is de facto identical with the Jews holding German passports—should be included in the action carried on by the International Committee for the refugees from Germany. The Polish Government considers that the action of the said Committee should include equally the refugees expelled from Germany to Poland since October, 29th, 1938 and who are a heavy charge for the country overpopulated and deprived of capital.

- (3) To ask the Government of Canada to give to his Delegate to the International Committee for the German refugees instruction to admit that the said Committee makes allowance for the justified claims of Poland in what concerns the Jewish refugees from Germany bearing Polish passports.

Having in mind the unfavourable results obtained till that time by the international unilateral action in favour of the refugees with regard to vital interests of the emigration from Poland—the Polish Government considers

that the above desiderata constitute the minimum of what Poland is justified to expect from the international collaboration based on the principle of equality of rights and of equity.

I have etc.

JAN PAWLICA

681.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 29

Ottawa, May 15, 1939

IMMEDIATE. At the request of the Canadian Zionist Organization, I am transmitting to you their earnest hope that in the approaching Palestine settlement no policy will be adopted which would make impossible a definitely substantial and continuing flow of immigration of Jews from the various troubled areas of the world or the building up of a Jewish National home in accord with what they consider the commitments given twenty years ago.

682.

*Le directeur de l'Immigration, le ministère des Mines et des Ressources*  
*au sous-secrétaire d'État aux Affaires extérieures*  
*Director of Immigration, Department of Mines and Resources*  
*to Under-Secretary of State for External Affairs*

Ottawa, June 27, 1939

Dear Dr. Skelton,

I am in receipt of your letter of the 24th instant<sup>1</sup> with reference to supplying information to the House of Lords about what we are doing in the refugee problem.

There has been very little publicity in Canada in recent months about the number of Continental people admitted by Order-in-Council. Publicity is a hindrance rather than a help to getting on with the work because certain sections of our people seem ready to pounce on any announcement as an occasion for a protest either by petition or otherwise. I doubt very much whether publicity which originates in London and is cabled back to Canada will be more palatable to opponents of immigration than announcements made in Ottawa.

The movement of German Czech families has now exceeded 300 families and I hope will reach three times that number. Other refugee families are coming in with money they have been able to save or secure but they are coming in as individuals rather than an organized movement. We are having

<sup>1</sup> Non reproduite/not printed.

an increasing movement of persons connected with new industries but we are doing everything we can to keep this from the press as the signs are not wanting that Germany's earlier activities to prevent the exodus of capital, have now been extended to prevent the exodus of skilled workers and probably the quickest way to shut off a movement that is of very great value to Canada is to talk about it here today and have it reported to Berlin tomorrow.

On the whole I think we carry on our efforts to help refugees much better by no publicity than by giving publicity. The establishment of the Bata shoe business in Canada is a good illustration of the dangers of publicity arising from a misconception of the facts.

Yours very truly,

F. C. BLAIR

683.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général de Pologne*

*Under-Secretary of State for External Affairs  
to Polish Consul General*

Ottawa, July 18, 1939

Sir,

I have the honour to refer to your letter of the 11th of May regarding the peculiarly difficult position in which Polish nationals of Jewish racial origin, until recently residents of Germany, have found themselves as a result of measures taken by the German Government.

Your representations have been sympathetically considered by the competent Departments of the Canadian Government which are prepared to instruct their representatives on the Intergovernmental Committee on Refugees, which is resuming its meetings in London this week, that Canada does not object to an extension of the terms of reference of the Committee to include the category of persons to whom your letter refers.

At the same time, I would like to make two things clear. First, in considering applications from individual refugees to enter Canada as immigrants, the Canadian authorities have not, at any time, discriminated against Jewish refugees holding Polish passports who have been expelled by the German authorities. Our Department of Immigration has already dealt with a number of applications from persons in this position and has regarded them as in the same position as other refugees from Germany. In the second place, the Canadian Government cannot for a moment admit that its policy, over many years, of receiving suitable immigrants from various countries and of various racial origins could be construed as creating anything that might be described as a "right of immigration" appertaining to the countries from which immigrants to Canada have come.

I have etc.

O. D. SKELTON

684.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 251

London, July 19, 1939

My immediately preceding telegram.<sup>1</sup> Following is announcement made by Paymaster General on July 19th:

His Majesty's Government in the United Kingdom have given very careful consideration to the serious situation which has come about in connection with the cost of maintenance and emigration of refugees. It is clearly necessary that large sums should be raised for emigration of refugees but in existing circumstances it is impossible for private organizations to find these sums in measures requisite for a satisfactory solution of the problem. His Majesty's Government in Great Britain have therefore reached the conclusion that unless the work of Committee is to be seriously obstructed and the countries of refuge left with large number of refugees who cannot be absorbed it will be necessary to depart from the principles unanimously agreed upon at Evian that no participating Governments would give direct financial assistance to the refugees. His Majesty's Government are for their part examining the manner and extent to which private subscription to an individual fund to assist in defraying the expense of oversea emigration of refugees might be encouraged by Government participation, possibly on basis proportionate to amount of private subscriptions. The United Kingdom representative on Intergovernmental Committee will invite his colleagues to lay these considerations before their Governments and to communicate their views to him without delay. If other Governments are prepared to agree to this change of principle and to cooperate in such participation, His Majesty's Government in the United Kingdom will take initiative in proposing a scheme for the purpose.

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<sup>1</sup> Non reproduit/not printed.

CHAPITRE VI / CHAPTER VI

CRISES INTERNATIONALES, 1936-38  
INTERNATIONAL CRISES, 1936-38

- |                          |                           |
|--------------------------|---------------------------|
| 1. Société des Nations   | 1. League of Nations      |
| 2. Rhénanie              | 2. Rhineland              |
| 3. Espagne               | 3. Spain                  |
| 4. Conflit sino-japonais | 4. Sino-Japanese Conflict |
| 5. Autriche              | 5. Austria                |
| 6. Tchécoslovaquie       | 6. Czechoslovakia         |

PARTIE 1/PART 1

SOCIÉTÉ DES NATIONS<sup>1</sup>  
LEAGUE OF NATIONS<sup>1</sup>

685.

*Le secrétaire d'État aux Affaires extérieures  
au conseiller par intérim [SDN]*

*Secretary of State for External Affairs  
to Acting Advisory Officer [L. of N.]*

TELEGRAM 5

Ottawa, January 21, 1936

Your telegram No. 12 January 21st<sup>2</sup> and earlier telegrams respecting Committee of Eighteen. It is desired that you attend meetings of Committee. Do not consider it necessary to make any statement respecting Canada's position on Proposal 4(a). If proposal is made to appoint Sub-committee of Experts to examine practicability of imposing oil sanction you should support it. Assume that as no Canadian expert is available Canada would not be asked to serve on Sub-committee of Experts.

Pearson has been instructed that it will not be necessary for him to go to Geneva at present.

<sup>1</sup> Voir aussi le doc. 104 et pp. 161-164.

See also doc. 104 and pp. 161-164.

<sup>2</sup> Non reproduit/not printed.

686.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

PARAPHRASE OF TELEGRAM 51

Ottawa, February 29, 1936

IMMEDIATE. MOST SECRET. Your telegram of the 27th February, No. 70,<sup>1</sup> oil sanctions against Italy.

I note you have received impression that as result of British Cabinet meeting Great Britain will not take initiative in proposing oil sanctions. Before sending instructions to Geneva, we propose to consider question further in Council today. For your information, I may say, in advance of that discussion, that developments since December have increased difficulty of application at this time. Definite decision by United States Congress against giving the President power to impose further export embargoes has produced situation which in judgment of Export Committee means that prohibition of export by League members would only have effect of making purchase by Italy more difficult and expensive. The practical question is therefore whether it is advisable to incur risk of war for an objective of dubious effectiveness. We do not believe Parliament would approve the application of military sanctions. Our participation in a European-African war would, without question, have a serious effect upon the unity of Canada. I should be glad to be advised of any further explanation of British policy which the Foreign Secretary gives on Saturday. Message ends.

687.

*Le secrétaire d'État aux Affaires extérieures au conseiller [SDN]*

*Secretary of State for External Affairs to Advisory Officer [L. of N.]*

PARAPHRASE OF TELEGRAM 10

Ottawa, February 29, 1936

IMMEDIATE. CONFIDENTIAL. Referring to your telegrams<sup>1</sup> Nos 33 and 34.

1. At present it appears unlikely that France or United Kingdom will take direct initiative in urging embargo on export or transport of further commodities. An added factor of uncertainty is involved by the incidents in Japan. If no proposal comes before Committee it will consequently be unnecessary for you to make any statement. You may concur if a proposal to postpone consideration is made by representatives of above Governments.

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<sup>1</sup> Non reproduits/not printed.

2. In the event of a decision on the part of the United Kingdom and France to propose or support definite application of export embargo on additional commodities listed in Proposal IV(a) and if such a motion is generally supported, you should concur.

3. Will you please advise of any further developments before Committee meets. If any new proposals are made in Committee communicate before taking action. Message ends.

688.

*Le sous-secrétaire d'État aux Affaires extérieures au conseiller [SDN]  
Under-Secretary of State for External Affairs to Advisory Officer [L. of N.]*

Ottawa, April 23, 1936

My dear Dr. Riddell,

The developments in the Ethiopian question continue to give us a good deal of concern though there has been no sufficiently definite issue at Geneva to require a decision as to the course which should be taken in the Committee of Eighteen. With the development of the counter crisis in the Rhineland the scene has shifted from Geneva; the situation is in such hopeless confusion that it is hard to see any settlement that will not be a mere choice of evils. . . .

Yours sincerely

[O. D. SKELTON]

689.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures  
Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, April 24, 1936

My dear Dr. Skelton,

I enclose copy of a letter of 20th April<sup>1</sup> from the Chairman of the Co-ordination Committee from which it will be seen that it is intended, subject to any observations which the members of the Committee may desire to make, to defer the next meeting of the Committee of Eighteen to a date coinciding with, or about the time of, the next meeting of the Council.

This further postponement has disappointed those who believe in collective action for collective security and who have hoped that the League might be

<sup>1</sup> Non reproduite/not printed.

able to enforce the Covenant against Italy and secure a just settlement of a war of conquest, supposedly outlawed by the Covenant. But nothing can be done without the concurrence of the French Government and I am informed that it has been found impossible to get them to agree to a meeting of the Committee of Co-ordination or of the Eighteen until after the French elections (my telegram No. 58 of the 17th April<sup>1</sup>).

In this connection the Mexican reply to a previous letter from the Chairman of the Co-ordination Committee may be noted. On 2nd April the Chairman sent a circular letter to all members of the Committee informing them that it was his intention to await the action of the Committee of Thirteen before convening the Committee of Eighteen. To this the Mexican Ambassador replied by letter of 9th April under instruction from his Government, that it had been understood when peace negotiations were suggested that it was not intended that they should have the effect of paralysing or delaying the application of sanctions against the aggressor. When the suggestion of conciliation was accepted a time limit of 48 hours was at first contemplated for the two countries to give their reply, together with the suspension of hostilities while negotiations were in progress.

In these circumstances, and bearing in mind, as it is bound to do, the *de facto* situation at the present moment in the armed struggle in Abyssinia, the time that has passed since the appeal to conciliation was made, and the prospective future course, from the standpoint of time, of the peace negotiations, my Government feels obliged to state, in all loyalty to the League of Nations and with a full realisation of the extent of the principles and undertakings it has accepted, that it does not desire to share the responsibility in the eyes of history for measures which, however seemingly justified on concrete grounds, may, in practice, nullify the application of the sanctions that have been decreed, thereby weakening the fabric of collective security which it is being sought to establish with the object of organising international life on firm foundations.

Copy of this letter is enclosed.<sup>1</sup>

It will be noted also that in the letter from the Chairman of the Co-ordination Committee of 20th April attention is drawn to the effect of sanctions on Italian trade. The statistics now available of the course of Italian trade and of Italian gold holdings (see Co-ordination Committee document 116 of 9th April 1936—Statistics of trade with Italy and the Italian colonies) show that the proposals already in force have had a considerable effect, and some observers are still of the opinion that if the Ethiopian forces can hold out until the equatorial rains set in, and the Ethiopian Government can maintain communications with Geneva, Italy may at least be forced to accept a compromise short of complete conquest.

Yours sincerely,  
W. A. RIDDELL

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<sup>1</sup> Non reproduits/not printed.



690.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, April 29, 1936

CONFIDENTIAL

My dear Dr. Skelton,

This morning I had an interview with Lord Cecil and I thought you might be interested in what he thought the effect would be on the League of the present developments in the Italo-Ethiopian dispute.

Referring to the past few months he considered that in the early days of the war an embargo on oil might have been sufficient, but that now, since the resistance of the Ethiopians was only a question of days or weeks, something much more drastic was needed unless Italy was to succeed in breaking their national resistance. The tragedy had been that the Members of the League had had it within their power to stop the war and had not done so. He did not think the Emperor would remain in Ethiopia to make peace, although there was likely to be resistance for an indefinite period through guerilla warfare as there had been in the Riff.

He believed the only way to save the situation now was to cut Italian communication with Ethiopia. If the French were willing to take their part there was no danger in doing this; there was no one to help Italy, in his opinion they could expect no assistance from the Germans, and there would be no other aid for the Italians forthcoming. They were certain to make a great deal of fuss and put up a good bluff about it meaning a general war, but he did not believe this at all. Just as he had not believed that there would have been likelihood of war if the oil sanction had been imposed in November.

He said, however, that it would be quite likely that agreement could not be reached among the League members to cut the Italian communications. That being the case we had to consider what next could be done. In the United Kingdom many of the friends of the League would become pacifists and say that they should isolate themselves from Europe and in that way not become involved. There was another group who would insist upon increasing armament and others would favour alliances. The great majority of the people however were entirely opposed to alliances and there was no prospect of any being concluded.

In building any new institution there would be ups and downs, sometimes it would make progress and other times suffer very severe defeat. In the event of the defeat of the League, Great Britain and the Dominions should take the lead and urge nations to get together for a stocktaking. If the Italians were able to occupy the territory of a member State, then the League had suffered a great defeat and the whole situation would need to

be reconsidered as to the prospects of collaboration in the collective system. There should be a thorough understanding of just what obligations and responsibilities it implied. After this he thought something might be done to avert war if we could again centre attention on disarmament. If progressive disarmament could be brought about he thought there was some possibility of avoiding another war. However, if that could not be done and another war were to result, then an entirely different situation would have arisen the outcome of which no one could predict. It was therefore useless to speculate about it.

He still seemed hopeful that much could be salvaged from the crash of the central structure of the League, feeling that from the experience gained it was still possible to rebuild on surer foundations.

Yours sincerely,

W. A. RIDDELL

691.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 7, 1936

SANCTIONS AND LEAGUE REFORM

You will have noted press despatches this morning on the above subject.

Regarding immediate policy as to extending, continuing or dropping sanctions against Italy, Mr. Eden was non-committal; Austen Chamberlain definitely in favour of immediate ending; Labour and Liberal speakers favoured maintenance and extension of sanctions. You will also have noted General Hertzog's speech in a debate in the South African House yesterday, urging the maintenance of sanctions against Italy, for years, if necessary. He stated that the South African representative at Geneva would be instructed to support to the utmost any measures necessary to maintain the League's prestige. General Smuts took much the same position. South Africa, of course, is concerned not only over the League's standpoint, but because of the threat which Italian control of Abyssinia contains to other African countries as regards communications and the raising of black armies.

Regarding future League policy, it will be noted that Mr. Eden stated the British Government would demand careful and thorough stocktaking. In the light of the past seven months' experience, every Government represented at Geneva must re-examine its responsibilities. He gave no indication of the line to be taken, but he did add that the first step would be "immediate consultation with the Dominions so that the British Empire nations could stand together at Geneva during the coming months". No communication has of course been received thus far on the subject, and none could be expected until the immediate situation has become clearer and the British Government has had time to make its own review of the situation.

<sup>1</sup> Au Premier ministre/for Prime Minister.

The Committee of Thirteen, which simply is the Council without Italy, will meet in Geneva on May 11th. Canada of course is not represented on it. The Committee of Eighteen on Sanctions has not been summoned, but it may be called on short notice after the preliminary discussions in the Council.

It is possible a question may be asked in the House on one or other of the above points:

(1) As to *Canadian policy regarding Sanctions*

Presumably it could be said that the Canadian Government has been following the position with great interest and concern, and would indicate its position regarding sanctions when the question came up at Geneva for decision. So far as the meeting of the Committee of Thirteen, or the Council of the League without Italy, on May 11th was concerned, Canada of course is not a member of the Council.

(2) As regards *Mr. Eden's suggestion for stocktaking as to the future of the League and for consulting the Dominions*, it might perhaps be said that the question of the future of the League is one of great importance, which will receive the careful attention of the Canadian Government.

If enquiry is made as to whether there has been any consultation by the British Government, it might be said that no suggestions have yet been received, and that presumably consultation on such a subject could not be expected to be initiated until a decision has been reached on the immediate issues facing the League.

692.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, May 19, 1936

CONFIDENTIAL

My dear Dr. Skelton,

It was evident from the recent discussions in the Committee on the Composition of the Council, in the Council itself and in the group meeting in Geneva, that the reform of the Covenant is being seriously considered. Between the meeting of the Council in June and the Assembly it may be expected that certain Governments will set forth definite views on the subject.

The form that these proposed modifications will take is difficult to predict at the moment. M. Avenol, I believe, is opposed to any amendment of the Covenant just now, preferring to secure the desired result by interpretations

of the existing Covenant, such as was done in the 1921 resolutions and in the interpretation of Article 10 in 1923, rather than attempt to follow the slow process of actual amendment.

In the United Kingdom I understand there is considerable support for the deletion of both Articles 10 and 16. I did not gather, however, from my conversations last week with the United Kingdom delegation that they shared this view. Mr. Walters feels that the elimination of Article 16 would turn the organisation into a debating society which would sooner or later result in the breaking up of the whole League system.

The proposed American Peace Conference in Buenos Aires has caused considerable anxiety here, especially among the Europeans. I have been asked repeatedly as to whether or not Canada will participate in the Conference, and have replied that I had no information. I have remarked, however, that a continental peace system for the New World is no more open to objection than one for Europe. A continental peace system, whether in the New World, Europe or elsewhere, appears to many here both from the United Kingdom and the Commonwealth not to meet the needs of the Empire, scattered as it is in all parts of the world.

It remains to be seen whether continental peace systems can be of great assistance in maintaining the peace of the world. In my opinion if they are to be really effective they will need to be incorporated in a system which is universal in scope. The members of such a system, in addition to their continental obligations, must assume certain universal obligations, otherwise in case of war a continental system might be defeated by an aggressor who was able to get his supplies from and sell his goods in other continents.

Any reform of the Covenant which could be expected to maintain the collective system must continue to require of its members certain collective obligations against a declared aggressor in any part of the world. These obligations need not go so far as to require a member in another continental group to take part in military sanctions, but they should require that the member state in any geographical area should not in any way assist the declared aggressor. In other words the obligations of all member states would require them, once the aggressor had been designated, to take measures prohibiting the exportation of arms and munitions, credits and all key products, and the importation of goods from the aggressor country. It might even be made a condition that each member state should agree in the event of its being declared an aggressor not to consider the putting in force of these measures as an unfriendly act or a *casus belli*.

Whether the modifications I have outlined eventually find acceptance or not remains to be seen. It would appear very doubtful, however, that the nations of the world are prepared to maintain an elaborate institution like the League for mere purposes of consultation in the event of a threat of war, or war.

Yours sincerely,  
W. A. RIDDELL

693.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

May 20, 1936

ITALIAN CONQUEST OF ETHIOPIA AND THE SITUATION CONFRONTING  
THE LEAGUE—QUESTION OF AMENDMENT OF THE COVENANT  
AND CANADA'S RELATION THERETO

The defeat of the Ethiopian army and the annexation of the country by Italy will doubtless be used by certain members of the League to raise the question of continuing sanctions against Italy and, indeed, the broader question of amending the Covenant itself. It may be desirable, therefore, to consider these questions, particularly from the viewpoint of Canada.

*No action likely before next Assembly*

The present sanctions were put on by the member states individually on the recommendation of the Committee of Coordination. But while the Committee recommended the application of these particular sanctions it could hardly take upon itself the authority to recommend the withdrawal of all sanctions against Italy. The Resolution of the last Assembly setting up the Coordination Committee provides as follows:

The Assembly,

Having taken cognisance of the opinions expressed by the members of the Council at the Council's meeting of October 7th, 1935;

Taking into consideration the obligations which rest upon the Members of the League of Nations in virtue of Article 16 of the Covenant and the desirability of co-ordination of the measures which they may severally contemplate:

Recommends that Members of the League of Nations, other than the parties, should set up a Committee, composed of one delegate, assisted by experts, for each Member, to consider and facilitate the co-ordination of such measures and, if necessary, to draw the attention of the Council or the Assembly to the situations requiring to be examined by them.

It would appear, therefore, that definite action on the question is likely to be left over to the Assembly in September. There is, of course, the possibility of earlier action and, in any case, the matter is of sufficient importance to call at least for preliminary consideration now.

*Questions raised by the Italian Conquest*

It is clear that the defeat of the Ethiopian army and the annexation of the territory of Ethiopia by Italy in no way modify the obligations of the members of the League under the Covenant to apply sanctions against Italy—the recognized aggressor. It is equally clear that the present sanctions imposed against Italy having failed to prevent Italy from conquering Ethiopia will be even less effective in preventing Italy from maintaining its hold upon

<sup>1</sup>De/by J. S. Macdonald.

the country. It is true that continued over a period of years they might impose a strain too great to be resisted. In such a case, however, they would eventually provoke the same resistance on the part of Italy that would arise if more serious sanctions were resorted to at once. In the meantime they would impose a heavy strain on the loyalty of League members—Ecuador has already defaulted. Nor would the continuance of such mild sanctions save the members of the League from the charge of not fulfilling their obligations under the Covenant. The situation confronting the League, therefore, is whether—

1. To withdraw the present sanctions and abandon Ethiopia to her fate, or
2. To extend the present sanctions to a degree sufficient to compel Italy to withdraw from Ethiopia.

Adoption of the first course would involve, on the part of the League members, a complete repudiation of their obligations under the Covenant—an act of the gravest character and, in the present case, particularly unjustifiable in that the League members have a special responsibility toward Ethiopia since they encouraged that country to rely on the Covenant during the months that an Italian army was massing on the frontier for invasion. Adoption of this course would, indeed, involve the Members of the League ranging themselves with Italy—the recognized aggressor—and dropping all pretence of the binding force of treaties, even the most solemn. This course might save the League from immediate dissolution. It is idle to think, however, that the League could longer retain any moral authority whatever. It would clearly be unable to serve any further purpose as an agency for the preservation of peace.

Adoption of the alternative course of increasing the sanctions against Italy might be expected to take the form of the establishment of a complete embargo on exports as well as imports, followed, if necessary, by a naval blockade. This course might possibly lead to war though it is not at all likely that it would lead to a general European war as appears to be held in some quarters. Baldwin's phrase "sanctions mean war" is only a half-truth. Sanctions mean war only when there is doubt as to whether they will be applied or not. The combined fleets of the members of the League would have no difficulty whatever in maintaining a blockade of Italy—the most vulnerable of all the Great Powers to League sanctions. This course might, therefore, reasonably be expected to produce in the course of six months or a year the defeat of the present regime in Italy and in due course the return of Italy to the League as a loyal, law-abiding member.

In the event of the second alternative, i.e., recourse to more severe sanctions, being adopted, it would be desirable to expel Italy from the League, under the provisions of paragraph 4 of Article XVI of the Covenant and it would be essential to know definitely and in advance the measure of cooperation which each member State would be prepared to give.

### *Question of Amending the Covenant*

Whether sanctions against Italy be withdrawn or extended it is clear that the present situation respecting obligations of member States under the Covenant is thoroughly unsatisfactory and cannot be allowed to continue. The sanctions at present applied—non-recognition, an embargo on loans (which no one would make in any case) and a partial embargo on trade—fail to restrain the aggressor. They fail, also, to fulfil the freely accepted provisions of the Covenant, thereby, so long as they are not amended, placing members of the League in the invidious position of themselves being treaty breakers. Moreover, while they tend to broaden every bilateral quarrel into a world conflict, they fail to provide security for any member since it is not possible to tell in advance whether or not they will be applied in any particular case.

Given, therefore, the necessity of amending the Covenant it may be convenient to consider the subject, briefly, under two headings: first, amendment in the direction of establishing an effective League and, secondly, amendment in the direction of reducing the League to an agency of conciliation and of co-operation in non-controversial economic and humanitarian activities.

#### *Amendment in the direction of establishing an effective League*

It might at first sight appear that since the member States have thus far been prepared to place only the weakest possible interpretation on their present obligations under the Covenant and, indeed, to overlook some of them altogether, it would be futile to consider proposing the acceptance of heavier obligations. Carefully considered, however, such is not quite the case. The comparative impotence of the League is not due entirely to the reluctance of the members to live up to the obligations they have freely accepted. It is due, in some degree at least, to the fact that one member cannot tell in advance how the others will act, and to the lack of any recognized organ of the League empowered to coordinate and direct the application of sanctions. A number of member states particularly the smaller states of Europe—Holland, Scandinavia, the "Little Entente", Finland, Latvia, Estonia, Spain, Portugal, etc.—realizing from the fate of Ethiopia the ineffectiveness of the League, as at present constituted, to afford them security, may insist on bringing forward amendments designed to strengthen the Covenant.

The present sanctions, involving a complete blockade of the Covenant-breaking state, are probably sufficiently severe, if properly enforced, to prevent any nation from resorting to aggression. Experience of the last fifteen or sixteen years, however, discloses two weaknesses in the Covenant which would have to be removed if peace is to be preserved. The first is that the Covenant does not outlaw war as an institution but only outlaws wars which are waged by a nation without first submitting them to the judgment of the League and then waiting three months after the League's finding before beginning hostilities. The other is clearly brought out in the present conflict with Italy, namely, that the application of sanctions is not automatic and that there is no recognized organ of the League with power to enforce them.

To make the League really effective in preserving peace, it would then be necessary—as a minimum—

1. that member states renounce all offensive wars for any purpose;
2. that aggression be narrowly and clearly defined;
3. that sanctions be automatic in their application against any aggressor anywhere; and
4. that the Council, or some similar body, acting by majority vote, be organized and empowered to direct their application, subject to definite rules laid down in advance. It would be quite compatible with this general idea that sanctions be graduated and regionalized so long as the basic principle of police action—irresistibility—were maintained in each region.

It is somewhat problematical, indeed, if these powers would be sufficient to accomplish the desired result since they stop short of giving the League executive organ power of direct command over the citizens of the member states. In the present state of opinion it would be extremely difficult, given the cumbersome amendment procedure under the Covenant—the Council voting unanimously and the Assembly by majority vote—to get even such amendments accepted. Indeed, it is all but certain that they involve too great a derogation from national sovereignty to be generally acceptable and unless accepted, with substantial unanimity, by small and great nations alike it would be futile to proceed with them. Since, however, they are likely to be raised, if not adopted, it is desirable for the Canadian Government to consider the attitude it should take with respect to them.

#### *Amending the Covenant by deleting sanctions*

The main current of opinion will doubtless be in the direction of reducing the League to an agency of conciliation and of international co-operation in non-controversial economic and humanitarian activities. From the point of view of procedure no great difficulty would be met with. It would be a matter of simple deletion and deletion is always easier to secure than agreement on new obligations. It would require the deletion of Articles 8 and 9 concerning disarmament, Article 10 concerning the guarantee of territorial integrity, and Article 16 concerning sanctions, with consequent verbal modifications in Articles 11 and 17. There would, however, be a good deal more difficulty for the League to divest itself of the administrative duties it has undertaken with respect to the Free City of Danzig, Memel, its obligations with respect to minorities.

The real question here is “Would such a League be worth maintaining”?

To answer this question it will be necessary to examine, briefly, what the League has done in these fields during the past sixteen years. Stripped of the impressions created by the powerful and pervasive pro-League propaganda it is clear that its achievements have been extraordinarily meagre for the amount of publicity, expenditure and effort involved.



As an agency of conciliation the League cannot fairly claim—though the claim is constantly made by its champions—to have prevented a war that would have occurred without its intervention. A possible exception to this general statement is the League's intervention in the Greco-Bulgarian dispute in 1925. It may be added also that during the unsettled period following the Great War the League machinery was successful in settling, on a basis satisfactory enough to be accepted under pressure, such disputes as the Aland Islands dispute between Sweden and Finland; the Polish-German dispute over Upper Silesia; the Polish-Lithuanian dispute over Vilna; the Franco-British dispute on the question of the nationality decrees in Tunis; the Italian-Greek dispute over the Albanian boundary; the dispute between Peru and Colombia over Leticia; the Anglo-Persian dispute respecting compensation for oil fields in Persia; minor disputes between Hungary and Czechoslovakia and between Yugoslavia and Hungary, and the dispute between the Government of Liberia and the Finance Corporation of America. Nearly all these disputes were between small powers easily intimidated by the threat of sanctions. Without sanctions in the background, it seems safe to conclude, intervention would be effective only in rare and unimportant cases.

With respect to disarmament the achievements of the League may fairly be described as nil.

In the economic field nothing has been done to prevent tariffs from rising to hitherto undreamed of heights, or to prevent the most favoured nation clause from being vitiated by import quotas and similar restrictions. Minor conventions respecting the abolition of export duties on hides and skins, the simplification of customs formalities, economic statistics, bills of exchange, counterfeit money, and transit have come into force. These, however, go little beyond bringing some of the more backward countries to adopt measures already in force in all progressive communities. The League's one outstanding effort in this field, the "International Convention for the Abolition of Import and Export Prohibitions and Restrictions", though hedged around by innumerable and vitiating exceptions, failed completely because of the withdrawal, before the date for its coming into force, of the nations that had ratified it.

Much useful work of a humanitarian and social character has been carried out by the League organizations—the control of the traffic in opium and other dangerous drugs, the suppression of slavery, the traffic in women and in obscene publications, and in the repatriation and settlement of refugees and work of a similar character. With respect to many of these subjects, however, the basic Conventions were already in operation before the League of Nations was established.

The experience of the Postal Union, the Red Cross Association and scores of other international organizations clearly proves that economic and humanitarian services can be efficiently carried out, on an international or universal

scale, outside the League of Nations organization altogether. Attempts of the League to bring these international bureaux under its control have failed and Article 24 of the Covenant remains practically a dead letter.

One thing is clear. If so little progress was made in economic, social and humanitarian work when the League was steadily pressing forward toward the ideal of peace and international co-operation, extremely little can be expected in these fields, either inside or outside the League, when that ideal is abandoned as impracticable. The world of today is a vastly different world from the stable, self-satisfied and comparatively benevolent society of the latter part of the Nineteenth century in which most of the economic, social and humanitarian work now being carried on by the League had its beginnings. The pretense of carrying on economic co-operation and humanitarian work would be hollow and meaningless in a League which was prepared to be neutral while some of its members were employing the appalling weapons of modern science to subjugate and destroy their neighbours.

This does not mean that a League which had abdicated the task of preserving peace would not be worth maintaining. Such a League could provide machinery for removing petty frictions that give rise to international ill-feeling and for conciliation and the pacific adjudication of international disputes among such nations as would accept its jurisdiction. It could provide a forum where national representatives could discuss their conflicting interests—though not freely and openly as is often stated—and thus gradually establish the habit of consultation, conciliation and arbitration in the settlement of international difficulties. It could provide an experienced staff and unrivalled physical facilities for international conferences, the conduct of international business and could undertake innumerable activities of an international character outside the domain of power politics. Moreover, to liquidate it suddenly would only add to the prevailing international confusion and insecurity.

The League must go on. It is not a question of deciding between the present League and no League at all. It is a question of deciding between a stronger League capable of preserving peace and one which, having abdicated that function, restricts itself to the objects set forth in the preceding paragraph. The one inescapable conclusion is that the League must be definitely reorganized either in the one direction or in the other. It would be futile and dangerous to leave it as it is.

#### *The Special Position of Canada*

Turning from the position confronting the League to the special position of Canada, it may be convenient to set forth the obvious but fundamental considerations governing the relation of Canada to the problem of international organization.

From the viewpoint of security, Canada is less dependent on the League or has less to hope for from League intervention than almost any other country. The Dominion, in a military sense, is completely at the mercy of the United States. The only difference of opinion among military experts is whether, in

the event of an American attack, we would be forced to capitulate in one week or in two. But an American invasion is almost as remote as that we should be overwhelmed by the Ocean and intervention by the present League, or by any League that could be envisaged as at all practicable, would be about as effective to protect us in the one case as in the other. We know, also, that the United States, though extremely unlikely to attack us herself, would, in her own interest, defend us from attack by any other nation or group of nations.

Moreover, Canada has few nationals abroad to protect and therefore is not likely to become embroiled indirectly on that account.

From the economic point of view, particularly from a short-term point of view, Canada is also less intimately concerned with the success of the League than are most other countries. The most prosperous periods of our history were directly due to war. We have only to look at the economic prosperity which accompanied, in Canada, the Crimean War of 1854-56, the American Civil War of 1860-64 [*sic*], and even the Great War in which we participated, to realize where our economic interest lies. Few countries, indeed, can match us as a source of war supplies. In our possession of 87% of the world's nickel, abundant supplies of copper for shells, lead for bullets, aluminum for aeroplanes, and wheat to feed armies, lies the basis of an enormously profitable war-time commerce. The buying nations would hold the seaways open in their anxiety to get our supplies as they held them open to get the supplies of South American neutrals during the Great War.

An additional factor of some importance from this angle is that Canada has no great investments abroad to protect.

These considerations account, consciously or unconsciously, for Canada's reluctance to become involved in external commitments and have made her, under Conservative and Liberal Governments alike, a last-ditch defender of national sovereignty at Geneva.

But while Canada has less to gain from the success of the League than most other countries we have nevertheless a strong and definite interest in the preservation of peace. The considerations on which this interest is based may be summarized as follows:

1. Canada cannot occupy her rightful place in international society so long as her security is dependent on American benevolence. If we are to escape from permanent inferiority our security must be found in an organization to which we ourselves contribute and in which we have a voice in control. Moreover, even if we exclude the possibility that Canada would be the battle-ground in the event of Anglo-American hostilities, the abandonment of the collective effort for the preservation of peace would mean, whether we liked it or not, re-opening the whole question of Imperial Defence—a contentious and highly unsatisfactory subject to revive.

2. The artificial stimulation of Canadian exports which would result from the outbreak of hostilities in certain areas of the world, would not

provide anything approaching the effective demand of 1914-18 when the belligerents had foreign investments and vast accumulated wealth to draw upon. Nor would it be comparable with the benefit derived from the stable development of trade, which the firm assurance of peace alone can provide. It is idle to expect the lowering of highly protective tariffs, the abolition of quotas and other concomitants of economic nationalism on which the development of our export trade depends so long as political insecurity remains. To mention only one commodity, the gradual disappearance of the demand for Canadian wheat over the past half dozen years is a sufficient example of the effect of political insecurity on our markets. Nor can it be forgotten that while Canada has less to gain from an effective League in the way of political security than have most nations, it has more to gain than most nations from the peaceful development of trade. Not only is Canada sixth among the nations of the world in the value of its external trade, but its industrial and agricultural development is very highly specialized. If Canada cannot participate on a large scale in world trade, the country cannot avoid going back to subsistence farming.

3. Moreover, Canada's interest in the maintenance of peace is strong even if its territory were never to be invaded nor its commerce circumscribed. The future of Canada would be dark, indeed, in a world of international anarchy overshadowed by the menace of war or in a world from which war-arrogant Powers had succeeded in banishing the cherished institutions of democratic freedom. For it must not be forgotten that if security is not established by collective action through the League of Nations the democratic nations of the world will be forced, in self-defence, to forsake freedom and social betterment and adopt the same disciplines and armaments by which their security is being menaced.

To these considerations which apply to Canada as an autonomous nation may be added two others which apply to Canada as a member of the British Commonwealth of Nations:

4. The greatest danger to which this Commonwealth of self-governing nations is exposed is that of drifting apart through disagreement over some critical issue of foreign policy, a danger which cannot be altogether eliminated however closely they may endeavour to keep in touch with one another. The most effective safeguard against this development is to be found in consistent adherence by all the Governments of the Commonwealth to the principle of upholding the rule of law as opposed to force in international affairs, in supporting collective resistance to unprovoked aggression. Without common agreement on this principle the danger of drifting apart is immeasurably increased at a time when conflicting policies would be most undesirable.

5. Finally, if war continues to be the recognized method of settling major international disputes, sooner or later the vital interests of one

or more parts of the British Commonwealth will be attacked. That attack will, legally, involve all the members of the Commonwealth in war for, as a matter of legal fact, the British Commonwealth cannot be partly at war and partly at peace. Canada, it is true, could refuse to afford military assistance to another member of the Commonwealth. If an enemy choose to respect Canadian citizens and Canadian property in a war directed against Great Britain, for example, it is conceivable that Canada might preserve a state of "de facto" neutrality or neutral belligerency. The realization, however, that Canada was legally at war with the state making war upon Britain would give tremendous support to opinion in favour of intervention. In the face of the appeal of race, tradition, a common history and citizenship, Canada could not stand aloof without internal disruption.

*Continued Membership in present League unsatisfactory and  
may be dangerous*

These being the considerations upon which Canada approaches the problem of international organization it is clear that the League, as now constituted, is thoroughly unsatisfactory. While costly to maintain it has shown itself incapable either of preventing war or of protecting the victim of aggression. Indeed, it has shown a tendency to broaden a local quarrel into the proportions of a general international conflict. Moreover, the experience of last September has demonstrated clearly that even when it does intervene to preserve peace its intervention is not automatic; it intervenes to restrain an aggressor only when one of the Great Powers has an interest in its intervention in the particular case.

This condition of affairs is not only unsatisfactory from Canada's point of view but it involves a positive danger. While unable to count on League action in matters in which the Dominion is particularly interested we may, if this situation be allowed to drift, find ourselves, when it is too late, forced to make a choice between intervening in a general European war brought on by a weak League, or publicly repudiating our international obligations. We cannot avoid this contingency by unilateral statements on our part that we reserve liberty of action. There is only one way in which we can disregard the obligations of the Covenant without dishonour, that is, to withdraw from the League as presently constituted or insist that the present Covenant be amended.

*Membership in a stronger League would impose obligations disproportionate to possible benefits*

It is clear, from the considerations set forth earlier in this memorandum, that Canada's interest in the preservation of peace is sufficiently strong to make it desirable to support a stronger League if the necessary conditions could be fulfilled. These conditions are:

1. that the Covenant be amended in such a way as to make it a really effective instrument for the preservation of peace; and

2. that the new League command sufficient support to give its intervention, as and when necessary, the character of police action—i.e., action based on the possession of irresistible force.

The first condition, to be adequately fulfilled, would imply the renunciation of the idea of flexibility—of no commitments in advance—an idea we have consistently clung to in the past. It would leave no room for a repetition of the experience of September, 1935, when it became clear that the League machinery would be applied only when one of the Great Powers had an interest in applying it. In short, it would require—as already pointed out on page 7<sup>1</sup>—

1. that member states renounce all offensive wars;
2. that aggression be narrowly and clearly defined;
3. that sanctions be automatic in their application against any aggressor anywhere; and
4. that the Council, or some similar body, acting by majority vote, be organized and empowered to direct their application, subject to definite rules laid down in advance. It would be quite compatible with this general idea that sanctions be graduated and regionalized so long as the basic principle of police action—irresistibility—were maintained in each region.

The second condition—that the League, as reconstituted, must command irresistible force against any aggression—clearly requires the unqualified adherence of at least the majority of the Great Powers and a large proportion of the smaller nations. The exact number of adhesions necessary could not be calculated with any degree of precision, nor is it necessary. The point is that the array of force must be sufficient to make the possibility of its successful challenge hopeless. A fair test of its practicability, from the point of view of members generally, would be whether it would be possible to enlist at least one other Great Power in addition to France, Britain and the U.S.S.R.

To mention these essential conditions on which a League capable of preserving peace could be established is to make clear at once the extreme improbability of getting the necessary support. It is, indeed, practically a foregone conclusion that the necessary support will not be forthcoming.

To these conditions which would be valid for any country considering League membership there should, strictly speaking, be added a third in the case of Canada. Under the Covenant as it stands it is well to note that Canada is obligated to apply sanctions to Great Britain should that country resort to war in violation of the Covenant. Such an eventuality would doubtless never take place, though under a revised Covenant with a Council

<sup>1</sup> Voir la page 886/see page 886.

acting by majority vote a most embarrassing situation could quite possibly arise. With the United States out of the League, however, the risk of collision, though remote, could not safely be left out of account. It is unthinkable that Canada should try to impose sanctions against the United States whether that country were itself an aggressor or whether it were merely trading with an aggressor. The one course that would be completely unjustifiable would be to accept obligations we were not prepared to keep. It would be necessary, therefore, to add a third condition, namely, that Canada, in view of its geographic position next door to the United States be permitted to add a proviso along the lines of the Swiss declaration of neutrality that under no condition would it be required to apply sanctions—financial, economic or military—to the United States.

Any possibility of getting the necessary support for a stronger League would disappear the moment such an exemption were asked for. Denmark would want similar exemption with respect to Germany; Latvia with respect to Russia; and so on. We may conclude, therefore, that membership in a stronger League would impose obligations disproportionate to possible benefits and could not be secured on the only terms on which it would be acceptable.

#### *The Question of a Regional Solution*

It remains to consider whether the suggestion to replace universal sanctions, dividing the world into three groups—America, Europe-Africa and Asia-Australasia—would provide a means of overcoming the objections to a League endeavouring to operate on a world basis.

At first glance such a system might seem to overcome the unwieldiness which has marked the League's activities in the past. It would give each region a special interest in developing and in maintaining peaceful relations in its own region and should, of course, tend to localize a conflict if it did break out. It might also tend to overcome the reluctance of the United States to participate in the League since they would not thereby become involved automatically in League struggles in Europe or Asia.

There are, however, serious objections to such a plan. It would raise special difficulties for Great Britain with interests to defend in all regions. It would tend to separate the Commonwealth. It would involve, for example, Australia entrusting its defence to the hands of Japan, and India placing itself under the protection of the Soviets. Moreover, it is doubtful if it could bring about in each region that preponderance of force which is necessary to give the application of sanctions the character of police as opposed to military action. If there must be war to maintain peace the nations of the world would be no further ahead under the League organization than they would be acting alone or in old-fashioned military alliances.

Nor does it appear that such a system would materially lighten the burden which Canada would be called upon to assume. If we can judge the future

by the past, there will be as many cases of conflict on the American Continent in the next half century as in Europe or Asia. Even if the likelihood of major wars is greater in Europe and Asia than in America there is no reason to believe that war has become obsolete on this Continent. It would be no less hard for Canadian soldiers to fight and die in the swamps of the Chaco than in the fields of Flanders. Nor would it be an easier task to protect, let us say, Mexico or Cuba from American aggression than it would be to protect Britain or France from a German invasion. Inherently the task would be not only much more thankless, it would be much less valuable. Europe is still the cultural centre of the human race and a break-down of civilization in that quarter would have repercussions in Canada that no amount of destruction in Central or South America could possibly produce.

Our difficulty would not be removed even if the United States were prepared to participate in a regional League. The regional League, in such a case, would tend to keep alive and to encourage the development of the very principle that Canada and small nations generally want to destroy—the principle of hegemony, the ascendancy of one Power over others. Our interest lies in getting away from the idea that what happens in China or Australia is the special interest of Japan, or what happens in Nicaragua or in Canada is the special interest of the United States. We want above all to establish the principle that if what happens within a country does not affect the peace of the world it is no other nation's business; if it does affect the peace of the world it becomes by general agreement the business of every nation. This principle is fundamentally incompatible with the idea of a regional League.

#### *The Type of League Canada might support*

By a process of elimination we are left with a League reduced to a forum for international discussion and centre for the exchange of information on social and humanitarian activities that are international in scope. It is, at best, a melancholy alternative. For reasons already set forth it could not hope to accomplish very much of value, either in the field of discussion or in that of social and humanitarian reform. A world resigned first to the menace and ultimately to the horror of war would be definitely a darker world. The fact of that resignation would itself be a contributing factor to the increase of tension and insecurity and later to the outbreak of war. It would, however, be better than no League at all even if it did nothing more than to keep alive the idea of international interdependence until the day that war is recognized for what it is—a crime against civilization—and the common sense of humanity is prepared to accept a system of collective security as the only alternative to destruction.

For the present one thing is clear. If forced to accept such an alternative, for want of a better one, an immediate drive should be made to reduce rapidly and drastically the personnel and expenditures of the League. No



longer would it be possible to justify the payment of \$400,000 per annum, which the League at present takes from the Canadian Treasury, to maintain a top-heavy institution at Geneva.

694.

*Le sous-secrétaire d'État aux Affaires extérieures au conseiller [SDN]*

*Under-Secretary of State for External Affairs to Advisory Officer [L. of N.]*

Ottawa, May 22, 1936

Dear Dr. Riddell,

I have your letter of April 29th, regarding your interview with Lord Cecil. It is an interesting analysis, both of the immediate problem and of the future, though Lord Cecil apparently did not indicate whether in the reconsideration of the obligations and responsibilities of the Covenant, they should be lessened or increased.

If the objective is to compel Italy to negotiate a peace through the League and on League principles, I would quite agree with Lord Cecil that much more drastic steps than have hitherto been taken, would be necessary. It is possible also that if every member of the League agreed to take and support such steps, Italy would, as Lord Cecil contends, not dare to offer armed resistance, just as she would probably not have done so if oil sanctions had been applied. It seems, however, unrealistic to imagine that the will of the League could be imposed, say by closing the Suez or barring Italian ships from the ports of League states, unless it was quite clear that in the last resort the members of the League were prepared to enforce their demands by military action. Collective bluffing will not give collective security.

However, such a discussion is theoretical at the moment, if Lord Cecil is right, as he probably is, in his view that agreement could not now be reached among the League members to cut Italian communications.

Yours sincerely,

[O. D. SKELTON]

695.

*Le Premier ministre au premier ministre de Grande-Bretagne*

*Prime Minister to British Prime Minister*

TELEGRAM

Ottawa, June 19, 1936

PERSONAL AND PRIVATE. I hope statement of Government's position on sanctions made in our House of Commons yesterday may be of some assistance to you and Government of United Kingdom in your arduous task of dealing with the serious situation in Europe.

MACKENZIE KING

696.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM

London, June 21, 1936

PRIVATE AND PERSONAL. Following for Prime Minister from my Prime Minister: Begins: I am most grateful to you for your kind message. It is a source of great satisfaction to me that your Government's views on sanctions are so closely in accord with our own. Ends.

697.

*Le secrétaire d'État au Affaires extérieures au conseiller [SDN]*  
*Secretary of State for External Affairs to Advisory Officer [L. of N.]*

TELEGRAM 20

Ottawa, June 27, 1936

CONFIDENTIAL. IMMEDIATE. Your telegram No. 91 of 24th June.<sup>1</sup> Following for delegation to Assembly: Begins:

1. General position of Canadian Government is indicated in my statement in House of Commons on June 18.

2. As regards sanctions, delegation should support proposal for removal, whether made in Assembly or in Co-ordinating Committee. I assume that at this stage it will not be proposed to attach conditions.

3. As regards non-recognition of Italian annexation of Ethiopia, we consider such a policy would not prove workable or permanent. The situation of an independent country absorbed by another is quite distinct from absorption of part of China by Japan, and refusal of recognition would involve constant diplomatic difficulties. We can, however, understand that desire to make a moral gesture or retain a diplomatic bargaining point, or apply same policy to Italy already adopted toward Japan, or make concession to supposed United States or Argentine policy, would lead members to support non-recognition. We assume that Eden's statement that United Kingdom will not at present meeting of League propose or assent to Italy's annexation of Ethiopia, implies that effort may be made to defer definite action until later in year, which would be preferable to voting non-recognition now. We do not consider point raises any special question for Canada and would be prepared to accept view of majority including United Kingdom.

4. As regards reform of League, we consider question should be referred to September Assembly and see no object in participating in discussion at this stage. If it is decided to set up a committee for preliminary inquiries, Canada would be prepared to take membership on committee.

<sup>1</sup> Non reproduit/not printed.

5. As regards vacancies in Permanent Court, you should support Hudson for Kellogg post and use your discretion as to Schücking vacancy.

698.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 104

Geneva, July 6, 1936

My telegram July 4th, No. 103.<sup>1</sup> Assembly completed its work Saturday by adopting two recommendations and a Resolution, the first recommending that Council should invite Governments to send in before September 1st any proposals they may wish to make to improve application of principle of Covenant and instruct Secretary-General to report to September Assembly on state of question, technically recommends Coordinating Committee should bring sanctions to an end, the third postponing 17th Assembly to September 21st. A draft resolution submitted by the Ethiopian delegation stipulated that non-recognition by the Assembly of the annexation of Ethiopia was not put to vote as being answered by the first above mentioned recommendation which states that the Assembly remains "firmly attached to the principles of the Covenant, which are also expressed in other diplomatic Instruments, such as Declaration of American States dated August 3rd, 1932, excluding settlement of territorial questions by force"; a second Ethiopian draft Resolution calling for financial assistance was rejected by 23 votes against 1 (Ethiopia) 25 abstaining.

At closing sitting on Saturday Council (a) adopted Assembly recommendation regarding reform of the League, (b) requested Poland to deal with question of visit of German cruiser "Leipzig" to Danzig through diplomatic channels and report to Council at its next ordinary session, (c) postponed 93rd session to September 18th.

Coordinating Committee meeting this morning with Mr. Roy representing Canada.

699.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 106

Geneva, July 6, 1936

IMMEDIATE. This morning Coordinating Committee adopted two Resolutions, one proposing "that Governments of members of the League of Nations

<sup>1</sup> Non reproduit/not printed.

should abrogate on July 15th, 1936, the restrictive measures taken by them in conformity with its proposals IA, II, IIA, III, IV and IVB", the other suggesting that Governments should (a) continue to complete and forward to Secretariat General of the League of Nations the questionnaire concerning their trade with Italy and Italian Possessions up to and including that relating to the month of June, 1936; (b) furnish before October 31st, 1936, a memorandum setting out to [sic] their experience with reference to application of sanctions and such conclusions as this experience would seem to suggest; (c) appoint experts to serve on a Committee to study this documentary material and submit a report to Governments.

700.

*Le conseiller [SDN] au Secrétaire général, la Société des Nations*  
*Advisory Officer [L. of N.] to Secretary-General, League of Nations*

Geneva, July 16, 1936

The Orders in Council passed by the Canadian Government for the imposition against Italy and Italian possessions of certain measures under Article 16 of the Covenant of the League of Nations have been cancelled as and from 15th July 1936.

P. E. RENAUD [for the . . .]

701.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

PARAPHRASE OF TELEGRAM 309

London, July 24, 1936

SECRET. Secretary of State for Dominion Affairs informed me yesterday that Italian Government was prepared to give assurances that there would be no aggressive action against Greece, Yugoslavia and Turkey by way of retaliation as a result of collective action against Italy during sanction period. This will make possible termination of period during which these countries have been given special assurances by Great Britain and will in all probability make Italian cooperation with Locarno Powers more likely.

With regard to consideration of future of League Covenant, Secretary of State for Dominion Affairs said that the United Kingdom Government did not intend to submit any views between now and meeting of Assembly. Ends.

MASSEY

702.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, August 25, 1936

Mr. dear Dr. Skelton,

As you will have observed from my telegram No. 116,<sup>1</sup> the likelihood of the Assembly doing much more than explore the question of the reform of the Covenant seems rather remote. It is expected that there will be a full discussion on the whole question but that nothing further will be done. The postponement of the meeting of the five Locarno Powers until after the Assembly makes the above prediction seem reasonable, as the United Kingdom and France will not wish to invite the criticism from Germany that they are confronting her with another "fait accompli".

The international political situation here does not look very bright. M. Avenol and the other members of the Secretariat are very pessimistic. The dangers of the Spanish situation and of the Austro-German agreement, carried out with the consent of Italy, are no doubt largely responsible for this pessimism. The passing of the initiative from France and the United Kingdom to Germany and Italy no doubt also plays its part.

Few seem to think that much will result from the meeting of the Locarno Powers, but if anything did and Germany should decide to come back to the League, it is felt that then would be the time to take definite action regarding changes, either by way of amendment or interpretation, of the Covenant.

The replies to the French proposal for non-intervention in Spain seem a little more encouraging and the risk of other Powers becoming involved through assisting the Spanish Government or the revolutionaries is less than it was. The Austro-German agreement on the whole would seem to make for peace in that part of the world so far as Austria is concerned. Whether the understanding between Germany and Italy does not offset the agreement is another question. If Germany should attempt to take advantage of the agreement with Austria no doubt the rivalry between Italy and Germany would again come to the fore.

The Assembly should afford a good opportunity of studying a very dangerous and complicated situation, and I am delighted to know that the

<sup>1</sup> Non reproduit/not printed.

Prime Minister is coming with two other Ministers and that you yourself will be here. Yesterday I had a letter from Senator Dandurand and was pleased to learn that he would be a member of the delegation.

Looking forward to seeing you soon,

Yours sincerely,

W. A. RIDDELL

703.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 342

London, September 2, 1936

High Commissioner for New Zealand has forwarded copy of letter sent on behalf of New Zealand Government to Secretary-General of League of Nations relating to resolution of Assembly of July 4th on the question of reform of the League. Letter contains approximately 1500 words setting forth New Zealand's proposals. High Commissioner for New Zealand states that his Government will be happy to receive any comments Canadian Government may wish to make. He adds that in any case New Zealand Government hope prior to meeting of Assembly it will be possible for representatives of members of the British Commonwealth of Nations to meet and discuss not only these proposals but any views held by the various Governments. Would appreciate knowing whether a summary of the letter should be cabled or whether it will be sufficient to send copy in the bag by the "Duchess of Richmond" sailing tomorrow, whose mails should be delivered in Ottawa the first post September 11th. In the same connection and referring to the Secretary of State's telegram, Secret, Circular B. 134, July 30th,<sup>1</sup> we have received letter from Dominions Office stating that United Kingdom Government are not proposing to send any written comment on question of reform of the League in advance of meeting of Assembly in September or to make any public announcement in this country before that meeting. Dominions Office add that Secretary of State for Dominion Affairs has also received copy of New Zealand Government's letter and is considering High Commissioner for New Zealand's suggestion that a meeting of representatives of members of the British Commonwealth of Nations should be held to discuss New Zealand's proposals and any views upon them held by various Governments. Secretary of State for Dominion Affairs thinks that you would like to have this information immediately as in view of it the Canadian Government may wish to defer expressing their attitude towards New Zealand Government's proposals until after suggested meeting.

<sup>1</sup> Non reproduit/not printed.

704.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 284

Ottawa, September 3, 1936

SECRET. IMMEDIATE. Your telegram No. 342 of 2nd September. It will be sufficient to send copy<sup>1</sup> of New Zealand communication in bag tomorrow. We may enquire later for detailed statement on certain points.

705.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 343

London, September 3, 1936

SECRET. My telegram No. 342, September 2nd. Secretary of State for Dominion Affairs has invited representatives of the Dominions to meet him Wednesday, September 9th, to discuss New Zealand's proposal and to hear any views which representatives may care to put forward with regard to reform of the League. Would appreciate instructions by telegraph.

706.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 153 London, September 5, 1936

SECRET. My telegram of 30th July, Circular B. 134. Following for your Prime Minister, Begins: United Kingdom Government have now reached the following conclusions in regard to question of reform of the League of Nations which will be discussed at forthcoming Assembly.

No written statement will be sent to Geneva before meeting, but views of His Majesty's Government will be made known to Assembly in a speech by delegate of the United Kingdom. In coming to this conclusion His Majesty's Government have been anxious to avoid danger of compromising progress of preparations for a Five-Power Conference by a premature declaration on a subject which has a bearing on work of that Conference. For the same reason the speech of the United Kingdom delegate will be in the nature of a statement of general principles rather than of detailed proposals and will take the form of suggestion rather than a definite pronouncement of policy.

It is not intended to propose that terms of Covenant should be changed. What it is thought would be more appropriate is some measure of reinterpretation and some redistribution of emphasis. In any event it is essential to maintain fundamental principle underlying collective organization of peace which finds expression in the Covenant of the League, namely, the prevention of war through the machinery of peaceful settlement of disputes, the machinery for the adjustment of grievances, the creation of a deterrent to war, and the establishment of an international agreement on armaments. Two lines along which, in our view, useful results might best be reached are, first, the earliest possible examination and determination of extent to which the League's peace-keeping functions whether persuasive, precautionary or coercive, are to be exercised in any given case, and, secondly, early ventilation of grievances.

The recent failure of the League may be attributed chiefly to its lack of universality and to its failure effectively to intervene in early stages of crisis. Abstentions and defections from the League are attributable to unwillingness of some Governments in present circumstances to accept obligations of Covenant and to the idea that the League stands for maintenance of order of things with which some Governments are not content. Hence the desirability of making commitments of Covenant more acceptable and more applicable to realities of present situation and of encouraging and facilitating use of machinery of League for adapting situations to changing circumstances.

In order to facilitate intervention of League in early stages of a dispute, it is for consideration whether Council of the League ought not to be enabled to make recommendations under first paragraph of Article 11 without consent of States in controversy. Such paragraph gives wide opportunity for useful action but activities of Council have been hampered in the past by assumption that rule of unanimity must apply to this provision of the Covenant.

End of Part 1; Part 2 follows.

#### PART 2.

**SECRET.** If this formal obstacle were removed it should be easier in any given case to obtain an early indication of the views of the members of Council and of the measures which they would be prepared to adopt. This is regarded as most important by His Majesty's Government. If it should appear likely from the discussion in Council that the members of the League would not be prepared to intervene effectively in any particular case, it is only right that the parties to the dispute should be aware of the fact. On the other hand, if the parties were, at an early stage, left in no doubt of the will of Council and of the extent to which member States were prepared to enforce it this must act as a powerful deterrent to any party contemplating aggression. Delay often means carrying out of military preparations by parties concerned



which it is difficult for them to revoke and creates a situation in which it becomes more hazardous for League members to intervene.

From this point of view there is the advantage in negotiating Regional Pacts devised to strengthen the general security. Their terms are known in advance as well as the conditions in which they will apply. The value of collective agreements as a deterrent to aggression depends largely on the certainty that they will be applied. The uncertainty of operation of more general obligations not only tempts an aggressor to take risk of their not being applied but encourages a possible victim of aggression to rely too much on the assistance of other Powers that may not be forthcoming. His Majesty's Government in the United Kingdom are in favour of such regional Pacts provided that they are consistent with the Covenant of the League. It is for consideration whether they should be submitted to Council or Assembly for approval. His Majesty's Government are resolved to endeavour to negotiate such a Pact relating to Western Europe.

With regard to the use of League machinery for adapting situations to changing circumstances, Article XIX recognizes the impracticability of a rigid maintenance of *status quo*. There is no reason why the Assembly should not embark on discussion of matters arising out of that Article. The powers of the Assembly do not extend to decisions on substance of such matters and it would be impracticable to give Assembly power to impose changes against the wishes of parties concerned. But it ought to be possible to find means of encouraging resort to Article XIX. Frank discussions of grievances might remove misconceptions and a clear expression of opinion by a great majority of the Assembly would exert moral pressure in favour of remedying injustice.

His Majesty's Government in the United Kingdom, in addition to making a statement on foregoing lines in regard to application of Covenant, would be prepared to support steps at Assembly toward discussion and expert enquiry under auspices of the League on the subject of access to certain raw materials on lines suggested by Sir Samuel Hoare last year.

They also think that it might be desirable that the Covenant of the League of Nations should be separated from the Treaty of Peace. Message ends.

707.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 286

Ottawa, September 8, 1936

SECRET. MOST IMMEDIATE. Your telegram No. 343 September 3rd. For your information, we do not consider there would be any profit in discussing New Zealand proposals. You may, however, attend meeting as a matter of courtesy and state that Canadian Delegation will be glad to discuss situation with other Delegates on arriving at Geneva.

708.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 154 London, September 11, 1936

SECRET. Following for your Prime Minister, Begins: You will be aware from my secret telegram of the 5th September, Circular B. 153, that one of the reasons for decision of His Majesty's Government in the United Kingdom to refrain from sending to Geneva a written statement of their views on the reform of the League was their anxiety to postpone as long as possible a declaration on a subject which could not be unconnected with proceedings of Five Power Conference. If German Government could in some way be associated at an early stage with discussions on League reform at Geneva, it would clearly facilitate preparation of that Conference. Moreover, it might be possible by this means to discover what are Germany's views in regard to reform of the League. This course, in any event, would also have advantage of demonstrating to German Government that last thing any of us want is to place before them a *fait accompli* by asking them to return to a League in reform of which they had no say.

Of course it is recognized that any invitation to Germany to be represented by an observer or otherwise at discussions in any Committees which might be considering League reform would normally come from appropriate organ of League and that other members of the League might not share the views of His Majesty's Government in the United Kingdom as to participation of Germany.

In view of desirability of knowing how German Government would be likely to view such an invitation if it could be arranged, His Majesty's Minister at Berlin has been instructed to sound German Foreign Office informally and confidentially.

It is conceivable that such an invitation might be extended to all ex-members of the League which would include Brazil, Japan as well as Germany. Message ends.

709.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures*  
*Minister in United States to Secretary of State for External Affairs*

DESPATCH No. 1019

Washington, October 22, 1936

CONFIDENTIAL

Sir,

I have the honour to inform you that Signor Fulvio Suvich, formerly Under Secretary for Foreign Affairs in Rome, on October 20th presented

his credentials to President Roosevelt as Italian Ambassador, and that he has sent me an announcement in the usual form, in which he describes himself as "Ambasciatore Straordinario e Plenipotenziario di Sua Maestà il Re d'Italia ed Imperatore d'Etiopia a Washington". This announcement raises a question concerning which it is desirable that I should receive your instructions. The matter has only arisen now because Mr. Suvich's predecessor, Mr. Augusto Rosso, did not seek to present new credentials after the annexation of Ethiopia to the Italian crown.

2. I have been told in strict confidence by the Department of State that an agreement was reached between the governments of Italy and the United States before the arrival of Signor Suvich in Washington and of Mr. Phillips in Rome, to the effect that no question would be raised on either side concerning the form of their credentials, and that these would not be regarded as involving any change of policy with respect to Ethiopia by either government. The terms of Mr. Suvich's credentials have not been made public, but I have good reason to believe that they were issued by Victor Emanuel as Emperor of Ethiopia as well as King of Italy. In his address on presenting his credentials to Mr. Roosevelt, Mr. Suvich evaded the issue by referring only to his Sovereign without mentioning any titles.

3. The immediate question before me is the manner in which I should answer Signor Suvich's letter. I think that I can deal with this by calling on him personally and making no reply in writing. It is very probable, however, that the question will arise on other occasions in the near future, and I am naturally anxious to avoid taking any step which might in any manner be regarded as a formal acknowledgment that Mr. Suvich represents Victor Emanuel in his capacity as Emperor of Ethiopia. I should therefore be glad if you would be good enough to instruct me by telegram as to the position which I should adopt.

I have etc.

HERBERT M. MARLER

710.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au ministre aux États-Unis*

*Acting Secretary of State for External Affairs  
to Minister in United States*

TELEGRAM

Ottawa, October 28, 1936

Your despatch of October 22nd, No. 1019, respecting credentials of Italian Ambassador to United States.

We have not yet taken a decision on general question of recognition of Italian conquest of Ethiopia. Though we consider policy of non-recognition would not prove workable or permanent, the matter is not regarded as raising any special question for Canada.

In these circumstances your formal position should be such as to avoid compromising the position one way or the other, and on such points as you raise it will be suitable to consult with British, South African and Irish Free State representatives in Washington.

As regards immediate point as to Italian Ambassador's letter your suggestion appears suitable.

711.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

November 4, 1936

LEAGUE OF NATIONS

*Committee on the Application of the Principles of the Covenant*  
(Appointed by the 17th Assembly, October, 1936)  
*Proposed Program for Canadian Representatives*

I

*At the outset the Canadian representatives to move the elimination of Articles 10, 11, 16 and 17.*

*Assuming this motion will not carry the majority, the Canadian representatives to debate against all proposals involving the principle of coercion and, upon their coming to a vote, to vote No.*

II

This seems the only way to implement Canada's position as repeatedly exposed from 1919 down to date.

The particular case against Articles 10, 16 and 17 has been put many times.

As regards Article 11, because of its key position in the "collective coercion" system of ideas, a special word may be added here. In that Article is imbedded a central, typically Wilsonian conception upon which so elaborate a propaganda (particularly throughout Anglo-Saxondom) and such false and disastrous starts at Geneva have been erected. "Any war or threat of war, whether immediately affecting any of the Members of the League or not, is hereby declared a matter of concern to the whole League", etcetera. This represents a not uncommon form of abortive and sometimes disastrous law-making. First, you "declare", expressly or by necessary implication, that something is true and indeed axiomatic which plainly is not true—e.g., you declare that drinking is a sin. Having laid such a foundation, there is no limit to what you can erect on top of it.

<sup>1</sup> De/by L. C. Christie.

A man, either as a moral or as an acquisitive being, may be "concerned" about wars or threats of wars, which are distressing or bad for some businesses, and many men are so "concerned". But to a State a matter of "concern" is, inherently, only a matter which immediately affects its interests—a guide which is not difficult, technically and diplomatically, to interpret as actual, practical cases arise. All experience, both before and after the Covenant, shows States behaving in the end according to this axiom of their nature and not according to the dictum of Article 11—or else acting to bad effect when they are betrayed into other kinds of behaviour. The nature of the State cannot be changed by a mere assertion laid down by a group of State agents or any other group inside or outside the State.

Considering previous attempts by European League Members to erect far-reaching projects on this foundation; considering their current persistence in the same sense; considering that in the existing international scene there can no longer be any doubt that today's attempt contemplates a particular operation against specific, pre-selected "aggressors", it appears vitally important to dissociate ourselves in advance from this false assertion. This would, to the extent of our power, reduce the chances of the operation being attempted and at the same time strengthen our bargaining position if the attempt should be made.

It is to be added that the elimination of Article 11 in no way prejudices the kind of League which alone, in the Canadian view, is workable and with which alone Canada can collaborate. In this view, Articles 3 and 4, under which either the Assembly or the Council "may deal at its meetings with any matter within the sphere of action of the League or affecting the peace of the world", taken together with the Preamble and other unobjectionable provisions, grant all the authority that is needed; though even these words would need careful watching.

### III

As far as it goes, such an attitude in the Committee seems imperative. It would not in itself be enough; but the further steps, if they could be taken, would remain for other procedure outside the Committee—e.g., by formal resignation accompanied by a declaration of willingness to collaborate on non-political matters and to continue contributing in some way to the League budget; or possibly—though this seems highly doubtful—by some formal declaration of dissociation from such matters pending the entry into the League of absentee Great Powers.

Whatever the means, the general objective seems clearly the elimination, as soon as possible, of the last vestige of our formal commitment, either direct or indirect, to the coercive, alliance features of the League.

Some general aspects of this necessity may be recapitulated.

(1) Such elimination affords the only condition upon which the problem of securing the collaboration of important non-League States can be approached with any hope of satisfactory discussions.

(2) If these Articles are allowed to stand, we in effect still allow the European Great Power League Members to choose to find it suitable to invoke them. Once they decide to start the machine, the dynamics of the international structure are such that some small Members like Canada will be able to find no practicable course but to follow. At that hour the alternative would appear as revolution or desertion. And at that hour, provided our signature to this branch of the Covenant stands, all "interpretative" resolutions or declarations could easily be swept aside by the leaders.

(3) As it stands, therefore, the League is in effect indistinguishable from an alliance of certain European Great Powers, with ourselves a definite partner, which they can and might find it suitable to operate in such a way as to bring us into the operation to all intents and purposes automatically. Recent issues of the British League of Nations Union propaganda indeed frankly describe it now as an "alliance". Current public debate in other quarters discloses more and more sharply the same significant shift of view: many former supporters of "collective security", recognising that this is gone, are urging that the only choice now is between alliances and something which, with a fine looseness and begging of the question, they contemptuously call "isolation"—and so they are choosing the alliance.

(4) The membership and behaviour of Russia, plus the vicious Franco-Soviet and other alliances, emphasize especially the need for detachment from the League alliance.

(5) The situation in the Pacific also underlines the case against our participation in the one-way European alliance.

(6) To contract out now seems the only way we can throw any weight against—as well as avoid our share of responsibility for—the Great Power Members taking a decision so disastrous for the world as a decision to operate these Articles must be. It may be supposed this would fortify Great Britain's cautious attitude toward the European process.

(7) Should the worst happen, Canada ought fairly to be in a position where the European Members have to come to her with requests, not where she has to strive to make a case, all of a sudden, for their agreeing to her not being involved in their particular operations.

(8) Whatever kind of "constructive" attitude might be entertained by a small Member in a period of peaceful and stable Great Power relations has no point today. Mentally and emotionally Europe and the Far East are already in a state of war and it is prudent and sound, as well as modest, to treat the situation precisely as if it were one where we had to decide whether to enter an actual war.

Great Britain seems to be recognising this. Her diplomacy, as well as the character of her defence preparations—with their concentration on the Navy and Air Force and a limited specialised Army (plus anti-aircraft ground defence forces)—indicate an instinctive search for detachment, a skepticism

of all paper schemes and all allies or possible allies, a striving to allow the unfolding events themselves to disclose what the issue is and what interest, if any, she has in it, a skepticism of theories as to the power of one State or of a few States to master the shape of events everywhere. It cannot be said with certainty in advance that she cannot avoid active participation in a European war. It cannot be said in advance that she must plunge at the outset. It cannot be said that her commitment, whether she plunged at once or is able to hold off for some time, must be unlimited. These are vital unknowns, charged with tremendous alternatives in practical consequence.

It is conceivable that, at the moment of crisis, both the state of her various equivocal commitments and the strategical possibilities might permit some modern variant of the "Armed Neutralities" of the past. Any likely case might well call for considerable variations. In 1780 and 1800 the primary emphasis of the armed neutrals seemed to be on the defence or extension of their commercial "rights"; localising the conflict appeared to be secondary. Today there is reason to reverse the emphasis. The effective line would seem to be more an "Armed Non-Intervention"; for to insist today upon the "right" to furnish supplies to the belligerents is in effect to participate in the war.

It seems far from inconceivable that, upon the outbreak of war in Europe, a considerable group of European States could be lead [*sic*] into such an "Armed Non-Intervention" and that they might, some or all of them, proceed upon such a basis for a considerable time if not permanently.

It is conceivable that to start on such a basis would be the line best calculated to result in the kind of situation where, if the worst came to the worst, the United States also might be forced by events to act. For Great Britain to go in on the basis of a European alliance is to compromise that possibility. From the point of view of defence of the oceanic and world position, not only must harmony with the United States always have a most exceptional importance for Great Britain, but she must so contrive that action by the United States shall be *pari passu* with her own or, failing that ideal, that her own action shall not be too far in advance of the United States' action or too exhausting. For Canada this dual objective is still more vital.

From every point of view therefore the elimination of formal commitments, League or otherwise, seems indicated as offering the best chances for Great Britain as well as Canada. It is only in the event of a *major* European war appearing to present itself, and possibly only when Japan also is seen to be involved, that an oceanic and world crisis can be assumed to exist; and in such an event everything would depend on the United States. A more limited European war, which is at least conceivable, presents an entirely different kind of situation; and for this it remains true that one very important type of insurance is to avoid alliances, since they, in existing circumstances, are far more likely to convert the conceivably limited into the certainly unlimited than to have any other effect.

It is to be hoped therefore that the Committee of Imperial Defence are studying the possibilities of an "Armed Non-Intervention". It might not fit the actual case that may arise; but again it might; and so it ought to be studied and planned in every practicable detail in advance.

At a certain stage, if it looked like sense, circumstances might permit it to be handed confidentially to the United States, and perhaps to others. No request need be made for agreement. It could simply be said, "This is one of the things we have been thinking of as a possibility. You may care to study it. We have been looking carefully at your legislation and ideas."

712.

*Le secrétaire d'État aux Affaires extérieures au conseiller [SDN]*  
*Secretary of State for External Affairs to Advisory Officer [L. of N.]*

TELEGRAM 47

Ottawa, December 12, 1936

CONFIDENTIAL. IMMEDIATE. Following for Senator Dandurand:

(1) With regard to the Committee on the Application of the Principles of the Covenant, on which you will represent the Canadian Government, it is not considered necessary to indicate our views at any length at this stage, as you participated in the discussion of the general League situation both in Ottawa and in Geneva. When the agenda of the Committee takes more definite shape, we shall give more detailed consideration to the main points involved.

(2) Our general conception of League policy will continue to be inquiry and conciliation rather than advance undertakings to apply force. It does not appear probable that any very substantial changes in the Covenant can be effected forthwith, in view of the wide divergence of views and the difficulty of formal amendment. It must in fact be recognized that many members of the League which are not prepared to take part effectively in applying sanctions against other states will be reluctant to renounce the possibility of demanding such assistance from other members if they are themselves at war, or indifferent to the assumption of obligations which they do not intend to observe. Under these circumstances those states which are anxious to establish, and if possible increase the obligation of other members to assist them may succeed in securing the adoption of interpretative resolutions in that sense, if ample time is not taken for consideration. One guiding principle should be the undesirability of any course which would make it impossible to attain the substantial universality assumed in the Covenant and necessary for its effective working.

(3) As to Article eleven, our position remains as stated in the Assembly discussion, namely that we favour increased recourse to inquiry and conciliation at an early stage, and would agree that for these purposes the



votes of the parties are not necessary for unanimity, but are opposed to any endeavour to transform it into a sanctions article. In this connection see suggestion in Norwegian communication of August 29, to effect that unanimity will not be required for mere mediation or friendly action. The suggestions by United Kingdom representative in Assembly on September 25 appear to involve an illogical mixture of conciliation efforts and sanctions threats, but further discussion will doubtless clarify their proposals.

(4) As to regional agreements, our position is as set forth generally in September statement. We are following developments at Buenos Aires in attitude of Latin-American States on regional agreements in the sense they usually attach to the term.

(5) Please keep us advised of all important developments. We consider it undesirable to have any statement of our general position made at this stage or initiation taken in Committee discussions. In communicating our views on particular issues we must be guided to a considerable extent by the course of events and your own reports. It would be appreciated therefore if they could be made as comprehensive as time and circumstances permit.

713.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, December 18, 1936

My dear Dr. Skelton,

The Committee of Twenty-Eight on the Application of the Principles of the Covenant finished its work last evening. Senator Dandurand and Mr. Désy arrived last Sunday and Senator attended the meetings on Monday, Tuesday and Wednesday, leaving on Wednesday evening in order to catch the Normandie to reach Montreal for Christmas. Before he left he appointed me and Mr. Désy substitute members on the Committee, so that we sat on the Committee yesterday in this capacity. However we took no part in the discussions, and as all the decisions were taken unanimously we had no occasion for voting.

The meeting of the Committee was purely preliminary and dealt with procedure and method, avoiding any discussion of substance. With the exception of the Russian representative there was a general desire for postponing the work until a more opportune time. The American countries did not wish to do anything until they knew the results of their Conference in Buenos Aires; while most of the European countries realised that little or nothing could be done unless they could come to some understanding with Germany and Italy. The method adopted by the Committee, however, should prepare the ground in the event of its being possible to proceed with the

work at a later date. Rapporteurs were appointed who will assemble all the documentation on the subject, and without going into the substance, will advise as to the best method of proceeding with the discussion of their respective questions. The selection and allocation of subjects to the eleven rapporteurs showed some ingenuity. Lord Cranborne will be rapporteur on the question of universality and the co-operation of non-member States. The Argentine representative will deal with the co-ordination of the Covenant, the Pact of Paris and the Pan-American Conventions; and the representative of Iran will deal with Article X.

Prentiss Gilbert followed the work of the Committee very closely and seemed deeply interested in our deliberations.

Yours sincerely,

W. A. RIDDELL

714.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

DESPATCH

Geneva, December 19, 1936

CONFIDENTIAL

Sir,

The action of the Covenant-breaking States during the last few weeks has left no doubt regarding their determination to work together for the furtherance of their national ambitions. Since Germany resigned from the League of Nations there have been rumours that she would sooner or later form alliances with Italy on the one hand and Japan on the other. It has been thought by many that their similar concepts of government would eventually bring them into an alliance; and that the recognition by Germany and Japan of Russia as a common enemy and common field for exploitation was likely to force them to unite. The United Kingdom Government were so apprehensive of the former taking place that as early as 1933 the Prime Minister and Foreign Secretary journeyed to Rome in the hope of preventing some such understanding. The prevention of Germany and Japan coming together may, to some extent, account for the desire of the United Kingdom for settlement with Germany on the West and an agreement with Japan on the East. Recent events seem to show that these attempts have failed and that in future the countries supporting the collective system will have to reckon with a new bloc including Germany, Italy, Japan, Austria and Hungary, and in the event of the success of the Spanish insurgents, Spain.

The appeal of Spain to the Council under Article XI of the Covenant has re-emphasised the danger of the Spanish Civil War developing into an international war. From the reports before the Non-Intervention Com-

mittee in London, the statements of the United Kingdom Members of Parliament who visited Spain, as well as from other sources, it is evident that the civil struggle in Spain is rapidly becoming an international war of ideologies on Spanish soil. The Fascist Governments are undoubtedly taking a very active part in supporting General Franco. I have it on the best authority that the Government of Italy are carrying on an active programme of recruitment. During the Ethiopian campaign large numbers of young Italians volunteered for service but were not called up. These are now being circularised by the Italian authorities and offered service under General Franco in Spain. The Italian Government undertake to supply all such recruits for this service with unmarked uniforms, a cash gratuity of 3,000 lire and transportation via Spezia to the Spanish front. This campaign of recruitment is meeting with very considerable success. While my informant could not give definite figures he considered that some thousands had already left for Spain. It is quite possible that similar methods are being used in Germany in recruiting the large numbers of Germans which are finding their way into Franco's armies.

While it is perhaps too early to say that this new bloc has been definitely formed for purposes of war, it has undoubtedly strengthened the bargaining power of its members and will make the maintenance of peace in Europe more difficult.

The repercussions of all this are having a very disintegrating effect on the collective system. There is the danger that the world is becoming divided into groups of States owing lip service to the collective system and States out to smash it rather than member and non-member States of the League.

I have etc.,

W. A. RIDDELL

715.

*Le procès-verbal, la Conférence impériale, 1937*  
*Minutes of Proceedings, Imperial Conference, 1937*

First Meeting

London, May 21, 1937

MOST SECRET

...

MR. CHAMBERLAIN said that we did not want the League to get us involved in a war. At present, the League was in an impossible position and the question was how to extricate it. It would never do for the sake of a theoretical and a logical position to endanger the peace.

MR. SAVAGE said there was more in it than that. We might easily find ourselves admitting that wrong was right.

MR. MACKENZE KING then read the following note which he had prepared before the meeting that morning but which was applicable to the present stage of the discussion.

May I at this point refer to the question of recognition of an Ethiopian Delegation, which may come before the Special Assembly next week? Certainly, as the Foreign Secretary has said, there can be no question of withdrawing the League's condemnation of Italy's aggression. But neither is there now any possibility of saving her victim. Any such hope passed with the breakdown of Ethiopian resistance more than a year ago, and the unwillingness of any members of the League which were in a position to make their action effective, to resort to war to dislodge Italy from the position she had then secured. The League has failed and Ethiopia has perished. When the substance is gone, I can see no merit in clinging to the form. We may save our own reputation for consistency but we cannot save that hapless country. It is not a question upon which Canada would take any initiative, but if the question is raised, we could not, as at present informed, see any valid reason for refusing to recognise the *de facto* situation.

He reiterated that that had been written before the discussion began. Having in mind what he had heard of the present attitude of Italy and the possible consequences of what might happen as a result of the meeting of the Assembly, what he had said appeared pertinent. He thought that all agreed that the condemnation of Italian action must be maintained. It could not be denied, however, that it would be impossible to restore Abyssinia or redress the wrong that had been committed. If the policy were pushed further, it might hasten the risk of a conflagration in Europe. Canada had stood with the other nations for the sanctions that had been applied, but the circumstances were such that the nations of the world had found that they could not go further. That was not the fault of the Governments represented at the meeting. It was necessary, however, to avoid any possible calamity.

MR. JORDAN who supported his statement by reading an extract from Article XVI of the Covenant pointed out the risk that the Covenant itself might be destroyed.

MR. MACKENZIE KING asked why reference had only been made to the case of Abyssinia. Why were Manchuria and the Chaco not referred to? All members of the League had to recognise the *de facto* situation. The League had failed three times: that was not a condemnation of all the member states but a failure of the Covenant itself.

MR. JORDAN said that if that attitude were adopted, we might as well say at once that no notice would ever be taken of the Covenant.

MR. EDEN pointed out that the United Kingdom Government so far from taking no notice, had spent £150,000,000 on sanctions.

MR. JORDAN pointed out that to bring the matter up at the League now was tantamount to taking no notice of the Covenant. Was it possible for the Credentials Committee to recognise the situation that had been brought about by a breach of the Covenant?

MR. CHAMBERLAIN asked what was the alternative.

MR. JORDAN pointed out that under the last part of Article XVI of the Covenant, a member remained a member until there was a contrary vote by the Council concurred in by the representatives of all the other members of the League represented thereon. The Covenant had been broken. What was to be done next?

MR. MACKENZIE KING suggested that this was an opportunity to convert the League into a world organisation in accordance with the original conception which was to make the League a power in the world by means of world-wide publicity. A declaration by a League which included every nation in the world could not fail to exercise great influence. It might even happen that the tragedy of Abyssinia might be used to bring about a really effective world organisation. If the matter were approached in the right way, there might be a possibility of achieving a great result. He could not speak about the European nations, but the United States of America might be willing to join a great new organisation to deal with the root troubles of world unrest. If that could be accomplished, it would be better than pursuing a course which might only serve to drive some of the present members out of the League.

GENERAL HERTZOG believed that something could be done on these lines to secure the co-operation both of the United States and Germany, but it would be necessary to remove in the United States the misgivings that had been aroused in 1919 and, so far as Germany was concerned, to avoid the mistake of 1919 of linking up the world organisation to the Treaty of Versailles. That mistake must never be repeated, for the position had been reached where Article X and Article XVI had come to be regarded practically as part of the Treaty of Versailles. If we recognised them as dead, other great nations would be far more likely to come into a world organisation: then something might be done of real value. We ought to be willing to admit that such an organisation, existing even as a consultative body, would by force of unanimity exercise enormous force.

MR. EDEN agreed that if the United States of America could be brought in by those means, a great advance would be made.

MR. JORDAN asked how far progress had been made in consulting outside States, as contemplated by the League Committee.

MR. EDEN said that he was not a member of the Committee and did not know the precise situation. He agreed that it was vital to obtain the views of these States.

MR. MACKENZIE KING said that in Canada the people had been much disillusioned by what had happened at the League. With this latest failure and with the United States remaining outside, it would be very difficult, if sanctions were insisted upon, to keep Canada in the League. The neutrality law had given the people of the United States of America a feeling of great security. In Canada, people were saying that membership in the League constituted a real risk of their becoming involved in war.

MR. CHAMBERLAIN called attention to the fact that the Committee of Principal Delegates would be assembling in a few minutes' time. The present conversation was of great importance and ought to be continued. He believed that all those present were convinced that the League ought to be reorganised, but hasty steps might alarm Europe. Possibly, therefore, the matter might be considered with a view to some action in September. As regards the Abyssinian Delegation, his feeling was that no solution could be regarded as really satisfactory. It was clear that we must avoid any admission that the League was wrong and Italy right. It was necessary, however, to get the League out of its present predicament with as little loss as possible. He rather liked Mr. Eden's idea of reaffirming the previous action and leaving the members of the League to take their own course. That would avoid committing the League to a reversal of policy. It was an easier way out than any joint action by the League itself.

MR. BRUCE asked if this course was to be taken whether Abyssinia sent Delegates or not.

MR. EDEN said that some action was necessary because of the position of the different nations towards Italy. Some already had no Ambassador at Rome because they could not recognise the Italian occupation of Abyssinia. The question would arise for the United Kingdom very shortly as the Ambassador required new credentials owing to the accession of a new king. This had been postponed for six months, but must be dealt with before September. Other nations which were in an even worse position would have to raise the question. If the question were left an open one, some nations might recognise Italy *de jure* and aim at improving their position with Italy by doing so. If the second course were adopted, he did not say that France or ourselves would recognise Italy right away, but he thought that both France and the United Kingdom would start negotiations with Italy and insist on certain conditions. All he suggested was that the League should give the nations freedom to negotiate. The procedure at the League would be first to reaffirm the previous attitude of the League: second, to admit that the action had failed; and third, to leave the nations free to negotiate.

MR. BRUCE recalled that it had been represented in certain discussions that a competent authority, namely, the Italian Parliament, had pronounced that Abyssinia formed part of the Italian Empire. At the Montreux Conference, it had been found possible for the nations to sign a Convention notwithstanding that the Italian Delegate claimed that he represented the King of Italy as Emperor of Abyssinia. The Greek representative, M. Politis, had evolved an ingenious theory that a Delegate could declare that he represented anything, but that other countries, by signing the Convention, did not recognise his claim.

MR. SAVAGE asked whether the question of Abyssinian representation could not be left unsettled until the Covenant had been overhauled.

MR. EDEN said there was something to be said for that course.

MR. SAVAGE said that the basis of the League had to be altered. Why, therefore, should the nations not face it? Why should they not say that the matter had to be discussed with the nations inside as well as with the nations outside the League, and that in the meantime the question of Abyssinia's representation must wait.

MR. MACKENZIE KING agreed that that would be the right course if the situation in Europe were not so difficult. As things were, however, was there not a risk of precipitating a dangerous situation? If the matter was not raised at once, the Abyssinian complication might have dangerous results. . . .

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*Le procès-verbal, la Conférence impériale, 1937*  
*Minutes of Proceedings, Imperial Conference, 1937*

Second Meeting

London, May 22, 1937

SECRET

...

MR. SAVAGE asked how Mr. Eden viewed the idea of a conference to consider the future of the League.

MR. EDEN said that if the United States of America could be brought in, he would like it.

MR. CHAMBERLAIN said it would be rather premature to propose it just now, but he thought it very desirable to work towards it.

MR. MACKENZIE KING suggested that the best plan would be if the countries outside the League could get together if possible under the Presidency of the United States of America to consider the root causes of world unrest. Unless they could be brought together in some such way, they would probably refuse to take any part in League reorganisation. That seemed to him to lie at the root of the problem.

GENERAL HERTZOG reverting to a previous statement said that his intention had not been to try and force recognition of Italy through, but merely to raise the considerations he had mentioned.

MR. EDEN agreed with Mr. Mackenzie King that reform of the Covenant could not be achieved until the nations outside the League had made their position clear.

MR. CHAMBERLAIN suggested that soundings might be made.

MR. BRUCE pointed out that the universality aspect of the League reform for which the United Kingdom provided the *rapporteur* was very important. Other aspects were linked up to it, but these could be held up until progress had been made on universality.

MR. EDEN said that some European nations would be strongly opposed to the abrogation of Article XVI.

MR. CHAMBERLAIN said that these nations did not realize that they were deceiving themselves if they thought its retention would be of any value.

GENERAL HERTZOG said that his idea was merely to open these questions in order to put those nations up against the real position.

MR. CHAMBERLAIN agreed that it would be valuable to ventilate the whole question.

MR. SAVAGE said that if all the nations could be got to consider each others needs instead of discussing guns which they never intended to use, some advance might be made. He had no personal acquaintance with the atmosphere of Geneva, but if it were in any way similar to what existed in that room and these issues could be discussed without bias, some big questions might be solved. A conversation at Geneva on the same lines as those he was now taking part in might be very valuable and produce results far better than a resolution that achieved nothing and did not please 50 per cent. of the people concerned.

MR. MACKENZIE KING recalled that after the meeting at Geneva last Autumn, he had felt that if Germany, Italy and the United States of America had been present, some progress might have been made. As it was, some of the countries not represented were thinking of how many countries might be drawn into conflict with themselves and were pursuing, as a consequence, a policy of increased rearmament on a scale which otherwise would probably never have been thought of. If only all the nations had been represented, it might have been possible to get together, along with others, the nations outside of the League, and effect something out of a difficult situation.

MR. SAVAGE asked what Mr. Eden thought of the plan of postponing the question of recognising Italy's position in Abyssinia pending the discussions on the big issue.

MR. EDEN said that the effect of a postponement on Italy would be the same as keeping Abyssinia inside the League. He thought it would be amply sufficient if the League could get an indication that the nations were free to do what each thought fit. If that could be secured, he had no intention of taking precipitate action. The question would be discussed with other Powers and with Italy who would be asked a number of questions, for example, what was to be their future attitude towards the League? Germany might be asked the same question. All he asked for was some freedom to negotiate.

MR. CHAMBERLAIN added that postponement of the question would also increase the irritation of Italy.

MR. HAVENGA asked what was gained by not facing up to the real issue.



MR. EDEN said that he would hope for a *détente* which would form a good basis for an approach to other powers. In reply to Lord Zetland, he said that the French Government were anxious to get the question settled, but were in a real difficulty in raising it owing to their internal situation.

MR. JORDAN asked whether Abyssinia might not perhaps give notice to leave the League.

MR. EDEN said that if the position of Italy was recognised before the September Assembly, Abyssinia could not be received.

M. LAPOINTE remarked that if Italy remained in the League, she would be there convicted in the eyes of the world of an aggression. Nevertheless, what he asked was what was to be gained by forcing her outside the League to join Germany, Japan and the United States of America? The course proposed might not be ideal, but it was the only practicable one.

MR. EDEN said he did not intend to take a lead in this matter at Geneva as it would be liable to misunderstanding. He thought, however, that someone might start the discussion.

MR. CHAMBERLAIN suggested that someone might perhaps ask a question.

MR. EDEN said that the position was even more difficult for France than for ourselves. The French owned the railway in Abyssinia but found that, owing to non-recognition of the Italian position there, it was impossible to negotiate effectively on such matters.

MR. JORDAN thought the matter could not be carried much further.

MR. CHAMBERLAIN said that, so far as he could judge, there was general agreement among those present as to the most hopeful line to be taken next week at Geneva on the very difficult question of recognition, arising out of the Italian conquest of Abyssinia. As he understood the matter, the course favoured was that the Assembly should, if possible, avoid formal resolutions, but should in discussion re-affirm its previous attitude towards the Italian occupation of Abyssinia; that the failure of the action taken under Article XVI of the Covenant should be admitted; that the States Members of the League should be freed to take such steps as each should deem appropriate to regulate its future attitude towards the Italian occupation; and that advantage should be taken of the opportunity offered for emphasising strongly the bearing of these events on the importance of pressing forward with the examination of the future organisation of the League of Nations, including consultation with nations outside the League as well as with Member states. He thought also that there was a general preference that the question should, if possible, be brought before the Assembly from some quarter other than the Members of the British Commonwealth of Nations.

This summary was generally accepted.

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*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

September 15, 1937

LEAGUE OF NATIONS  
 COMMITTEE ON APPLICATION OF THE PRINCIPLES OF THE COVENANT  
 ("Committee of Twenty Eight")

PRELIMINARY NOTES BASED ON LEAGUE DOCUMENTS RECEIVED TO DATE

The Committee of 28, meeting on September 10 and 11 to discuss its work program, decided to discuss certain subjects first and to meet again upon these subjects during the present Assembly. These subjects are (1) Separation of Covenant from Peace Treaties; (2) Universality; (3) Co-ordination of Covenant with other Peace Instruments. (Canadian Advisory Office telegram No. 63 of September 11<sup>2</sup>).

We have received a certain amount of League documentation of two sorts: Secretariat documentation and Committee Rapporteurs' documentation. Neither is yet complete, particularly the more important, the Rapporteurs'.

(1) *Separation of Covenant from Peace Treaties*

Only a brief Secretariat document, outlining alternative procedures, is available (C.S.P. 17—Aug. 21).

On September 11 the Committee of 28 set up a Committee of Legal Experts to study and submit concrete proposals within a week or so.

Until we get these proposals it scarcely seems useful to give the Canadian representative any guidance or instructions except to observe and report back.

(2) *Universality*

Secretariat memorandum has arrived (C.S.P. 6—Aug. 25), but not the important Rapporteur (Cranborne) reports on Participation of All States and Relations with Non-member States. These, according to press despatches, propose an "optionally coercive intermediate League" as a compromise between those States who would greatly stiffen the present coercive League and those who would drop the existing kind of coercion.

A rapporteur (Stein) document on Regional or Continental Organisation of the League of Nations has arrived (C.S.P. 14—Aug. 17). Under the Geneva classification scheme it also falls under the general heading of Universality. But it adds little to other documents noted above or below.

The same conclusion follows as in (1) above.

<sup>1</sup> De/by L. C. Christie.

<sup>2</sup> Non reproduit/not printed.

### (3) *Co-ordination of Covenant with other Peace Instruments*

A Secretariat memorandum (C.S.P. 6—Aug. 25) has some material on this, and it includes an historical study by the Committee Rapporteur (Pardo); but no Rapporteur document with specific alternatives that may be under consideration has arrived.

The same conclusion follows as in (1) and (2) above.

[P.S. Sec Rapporteur (Pardo) report (C.S.P. 18—Aug. 31), received Sept. 15, Co-ordination refers not to collection and revision of wordings, but to concerted or parallel action. The trick is to get members of other Pacts who are not members of League to collaborate in League action taken to prevent war or settle disputes.]<sup>1</sup>

### (4) *Article 11 of the Covenant*

A Rapporteur's report (Unden—C.S.P. 11—Aug. 3) and a Secretariat Memorandum (C.S.P. 13—Aug. 10) have arrived.

From this report it seems likely that around this Article will centre an important struggle in the Committee, perhaps the most important. It portrays how Article 11 has already gradually acquired a special significance and scope of its own not originally contemplated, and how it is proposed deliberately to stimulate this growth. To its original mediatorial or conciliatorial function there has already been added the conception of "League action" in the shape of "provisional measures" (i.e., measures designed to lessen the tension between disputants). The report contemplates going on to "preventive measures" or "repressive measures" (according as they are enforced before or after the outbreak of conflict), both of them involving coercion.

It is also clear from the report that the real crux of this matter largely hinges on the attempt to free Article 11 from the unanimity rule. So long as that rule obtains it is not so easy to add the other functions to the Article's mediatorial function. As the report itself shows, majority voting is inherently out of place if mediation is the object. If, as part of the mediation process, some statement by the Council becomes expedient, the unanimity rule need not stand in the way; for even if a technical "resolution" or "recommendation" (which requires unanimity) should on occasion prove to be unattainable, it would be open to the Council to follow the Assembly device of a majority-vote "*voeu*"—e.g., a *voeu* expressing hope that the disputants might accept some proposed settlement drawn up by a Council Committee.

If, however, Article 11 were formally converted into a majority-vote affair, it would be practically impossible to set a limit to the subsequent expansion of its scope and use. The Rapporteur gives many illustrations, and naturally they do not exhaust even the foreseeable.

Generally speaking, Article 11 already tends to become a catch-all to which to resort when the "checks and balances" of other Articles appear inconvenient. That is the strong European tendency, and the intention now to consolidate and expand it by formal action is unmistakable.

<sup>1</sup> Note marginale par L. C. Christie/marginal note by L. C. Christie.

[The object of the promoters is to get a machine which will bring up the guns quicker. But the Gt. Powers need no Art. 11, nor Geneva, to bring up their guns when they want to. Hence this proposal is simply a device to bring the Small Powers into a new affirmation of their willingness to follow suit.]<sup>1</sup>

The movement represents something like the gross distortion by which the "property and civil rights" clause in our Canadian constitution has become a catch-all. The Rapporteur notes that the functions of Article 19 are implicit in Article 11. That particular instance may not necessarily be objectionable; but it would clearly be highly objectionable to treat Article 11 as comprehending the functions, for example, sought to be given to Articles 10, 13, 15, 16, 17.

When Article 11 comes before the Committee of 28 it will be for consideration whether the Canadian representative should not make a clear statement. It seems particularly vital to oppose any departure from the unanimity rule under this Article.

#### (5) *Article 16: General Obligations*

A Rapporteur report to the Committee has arrived (Rutgers—C.S.P. 12—Aug. 7).

The report recognises that "the evolution of the system of collective security" has been impeded by the non-universality of the League; the failure of Article 8 (disarmament); the disinclination of States not parties to the Treaties of Peace to co-operate in maintenance of territorial *status quo* coupled with the inadequacy of Article 19; the unfortunate experience in the matter of Article 16.

The report, however, assumes that "the principle of collective security" is to be maintained and elaborated.

It suggests that the Committee could not "at present think of proposing measures which would add weight to the obligations ensuing from Article 16"; that not Covenant amendments but "an agreed text of an interpretative resolution concerning Article 16", "not rules of application but a political document to correspond to existing conditions", should be the aim.

These words have an innocuous flavour; but the nature of the various points suggested for inclusion in the interpretative resolution indicates that practically the stage is set for elaborations, extensions, refinements—bigger and better collective security. These points are discussed under the headings, Scope of the Obligation laid down in Article 16; Designation of the Covenant-breaking State; Definition of the Aggressor; Application of Sanctions; Regional Security Treaties; Aggression by Non-member States; National Preparation.

Considering how they work in practice, the distinction between interpretative resolutions and amendments seems almost purely illusory. In either case, the proposals ought not to be accepted by the Government before explicit approval by Parliament.

<sup>1</sup>Note marginale par L. C. Christie/marginal note by L. C. Christie.

When this Article comes before the Committee of 28 and more is known, it may be suitable to go into the points in detail. It might turn out to be practically impossible for the Canadian Government to agree upon any joint text with others. Maintenance of the present practice of declarations interpreting our own position might turn out to be the feasible course.

(6) *Regional Pacts of Mutual Assistance*

A Rapporteur report (Paul-Boncour—C.S.P. 10—Aug. 5) has arrived.

The report commends regional pacts as a means to facilitate "the operation of Article 16 and the measures of compulsion for which it provides", and assumes that "the problem might now be said to be one of *rapidity and the employment of all available means*" (italics in the report). The necessity of recourse to "military sanctions" by the pact members is also italicised. All other states would apply "economic sanctions". (Still bigger and better collective security). (It may be noted that another report, cited above, on regional or continental organisation—C.S.P. 14—italicises the idea of "strengthening" the "security" aspect).

Against the objection that such pacts are practically tantamount to alliances and instigations to the formation of rival groups, the report offers briefly "two main guarantees which might be provided to remove misgivings". One of them is that the pacts are to be "open" to such States as wish to join. This "guarantee" has been mentioned parrot-like for a number of years, and its utter failure to impress itself is the true indication of its triviality.

The other "guarantee" is that it would be for the League Council to determine the fact of aggression and, consequently, the application of the economic and military sanctions, "in accordance with the letter and spirit of the Covenant". This kind of jargon conveniently avoids any examination of the practical dynamics of the particularist pooling of power and the consequent day to day political repercussions inherently involved in such pacts as in alliances. The pact members are ordinarily to run things in their own region, at their own meetings, under their own formulas, according to their own interpretations. [And we can have no assurance whatever against the existence of secret clauses. We indeed feel certain that in many such cases such secret clauses already exist.]<sup>1</sup> They register them as "within the framework of the Covenant" and then, when trouble has come out of this process through the interplays of the European complex, they will come to the Council and demand that all of us as endorsers accept responsibility for their conduct of business. [A business which offers the silent partners nothing but liabilities and losses. Essentially Abyssinia was an example of this, and now we see the same sort of thing at the 1937 Assembly in the Spanish and Sino-Jap cases.]<sup>1</sup> (It is significant here that the pacts might include either a group of States in a certain region, or a group of States asserting an interest in a certain region, whether they actually belong to it or not—e.g., the Franco-Russian Pact). Essentially, this "guarantee" seems as trivial as the other.

<sup>1</sup> Note marginale par L. C. Christie/marginal note by L. C. Christie.

When this subject comes before the Committee of 28, it would seem to call for complete abstention from any endorsement of the idea of regional pacts, and for careful reservations against any future attempt to argue that we have supported a delegation of function to these alliances and must therefore fall in behind them in the event of trouble.

(7) *Article 19 of the Covenant*

A brief memorandum by the Secretariat has arrived (C.S.P. 9—Aug. 5).

It serves to show historically the futility of the Article.

Until more material is available, there seems no need to consider this subject; though eventually perhaps something might usefully fall to be said about it.

(8) *Internal Organisation of the League of Nations*  
(Articles 1, 3, 4 and 7)

A memorandum by the Secretariat has arrived (C.S.P. 8—Aug. 10).

This is a brief historical and descriptive survey, and no special consideration seems necessary at this stage.

(9) *Choice of Methods*

A memorandum by the Secretariat has arrived (C.S.P. 7—Aug. 9).

This sets out briefly three alternative methods for implementing whatever proposals under the various substantive heads may be settled as the new Application of the Principles of the Covenant. The choice is suggested to be:

- A. Amendment of the Covenant.
- B. Interpretation of the Covenant: Adoption of Rules for its Application.
- C. Agreements completing or developing the Provisions of the Covenant.

This choice—whether the same for all substantive heads or not—will presumably be left to practically the last stage when ideas about the merits may be clearer. No special consideration seems necessary at the present stage. Reference may be made at this point to the point mentioned under (5) above, that any new Application of the Principles of the Covenant which the Government may accept ought to be submitted to Parliament, whatever method is chosen.

718.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

DESPATCH 93

Geneva, February 28, 1938

Sir,

I have the honour to submit what must of necessity be a very tentative and incomplete report concerning the effect on the League of Nations of the rapid

developments in Europe since 4th February. These crowded weeks have seen in succession, first, the sweeping changes in the German army and Foreign Office announced on 4th February; secondly, the Italian initiative begun by Count Grandi on 10th February to open conversations with the United Kingdom; thirdly, the resignation on the same day of M. Goga's unpopular and unlamented Government in Roumania after forty-four days in office; fourthly, the virtual ultimatum delivered by Herr Hitler to the Austrian Chancellor von Schuschnigg at Berchtesgaden on 12th February; fifthly, the discussions and differences inside the British Cabinet arising out of the Italian move and culminating in the announcement of Mr. Eden's resignation on 20th February; and sixthly, Herr Hitler's uncompromising speech in the Reichstag, also on 20th February.

Obviously it is impossible yet to determine with any certainty the impact of these events on the League of Nations, or even to summarize within a few pages the chief possibilities. I have hesitated over writing any report at all, since the momentum is so great that the situation may have substantially changed before you receive this despatch. There are, in addition, many questions concerning the meaning of these events which cannot be answered with any exactitude, if they can be answered at all. Among them are the following: How serious were the strains and stresses inside Germany which prompted the changes of 4th February? Is Germany weaker or stronger as a result of these changes? Are the concessions extracted from Herr von Schuschnigg the prelude to the virtual absorption of Austria in Germany? What is the real as opposed to the formal opinion of the Italian Government on the events in Austria? Is the Berlin-Rome axis stronger or weaker than it was a month ago? Did Mr. Chamberlain receive any private assurances from Italy before he broke with his Foreign Secretary? How near the brink of economic collapse is the Italian Government? Many others could be added to this list, all of them related to each other and to the fate of the League. One of the frightening features of the present situation, indeed, is the inter-relation, real or assumed, of apparently disconnected happenings—an indication of the giddiness of the international equilibrium. From my position as an observer in Geneva, I think that there is only one generalisation which it is quite safe to make, and that is that on none of these events and decisions did the League of Nations exercise a direct influence, except in a negative sense. Let us take them up in chronological order. The changes in Germany on 4th February were a domestic matter of no direct concern to the League. But that they affect the League cannot be doubted. Proof has already been offered, in action at Berchtesgaden and in words in Berlin, that they were the prelude to a still more vigorous Nazi foreign policy, bound to conflict violently at many points with the letter and the principles of the Covenant, the destruction of which is one of its avowed objects.

The change in Government in Roumania a few days later—perhaps the only one of these events about which one may feel unreservedly pleased—was also a domestic affair, partly prompted by foreign reactions to the policy

of the Goga Cabinet but mainly determined by its domestic unpopularity which was bringing the country close to civil war. The chief accomplishment of M. Micesco, the Foreign Minister, seems to have been the achievement of a truly remarkable degree of unpopularity during the week which he spent in Geneva at the Hundredth Session of the Council. The inextricable inter-play in South-Eastern Europe between the Little Entente, the French alliances and the League of Nations is, of course, affected by the change, which may strengthen somewhat Roumanian adhesion to the Little Entente and diminish the influence of the forces seeking to pull Roumania into the German orbit. But for the present Roumania is only a side-show.

The concessions demanded by Herr Hitler from the unsuspecting Herr von Schuschnigg on 12th February are much more directly of concern to the League. Though Herr von Schuschnigg, in his speech of 24th February, sought to minimize the extent of his unavoidable surrender to Nazi pressure, it cannot be doubted that the independence of Austria has been gravely compromised. One of the unanswerable questions of the moment is the strength of the Austrian Nazis; I have heard estimates running all the way from ten to eighty percent of the population. Even if they comprise a majority, however, it must be remembered that the Austrian Government is strongly Catholic, and that the interview at Berchtesgaden took place immediately after Cardinal Faulhaber's courageous sermon in Munich in which he compared the Nazi persecution of the Church with that of the Soviet Union. One can hardly doubt that, if any hope had lain in such a course, Herr von Schuschnigg would not have submitted without seeking to appeal to the League. Failing such an appeal the League probably can disinterest itself technically from the events in Austria, since, taken in isolation, the Austrian concessions so far revealed—the appointment of a Nazi sympathiser as Home Minister in charge of the police, an amnesty for political offenders, the admission of the Austrian Nazis to the "Fatherland Front"—might be regarded as domestic re-arrangements following consultation with an interested neighbour. On the other hand it must be admitted that Germany followed in this case a new and successful technique of aggression, and that the results are menacing to Czechoslovakia and other States with large German minorities. That there has been no serious suggestion of a resort to League machinery is a measure of the League's powerlessness. It remains to be seen whether German insistence will bring about Austrian resignation from the League.

In the Italian conversations with the United Kingdom the League has, of course, a very direct interest, for notoriously the first concession sought by Italy is British support for undoing the League's decision over Ethiopia. Yet it was not on this point that Mr. Eden broke with his colleagues; and Mr. Chamberlain has already made it clear that recognition of the Italian conquest must be ratified by the League before it becomes effective. I have even heard it argued by a senior official of the Secretariat that the resignation of Mr. Eden involves no change in British policy towards the League.



The general declaration of loyalty to the League made by Mr. Eden in the Council on 28th January was not an expression only of the Foreign Office point of view; I know that the Foreign Office draft was submitted to Mr. Chamberlain and that Mr. Chamberlain suggested only a few inconsequential alterations. It was a statement pledging the Government as a whole.

This declaration, however, is sufficiently elastic to permit a wide variation in emphasis in its application. While I am in no position to be dogmatic concerning the trend of British policy, it seems clear that, with Mr. Eden out of the Cabinet, the emphasis has already changed. Mr. Eden never has used words as strong as those employed by Mr. Chamberlain in the House of Commons on 23rd February:

If I am right, as I am confident I am, in saying that the League as constituted today is unable to provide collective security for anybody, then I say we must not try to delude ourselves, and still more we must not try to delude small, weak Nations into thinking that they will be protected by the League against aggression and acting accordingly when we know that nothing of the kind can be expected.

It is true that Mr. Chamberlain went on to express his faith that the League could be reconstituted and his belief that there was still important and valuable work for the League to do, and that he also declared against any amendment of the Covenant at the present time. He concluded this part of his speech with a demand that the League should declare its present position:

I believe that if the League would throw off shams and pretences, which every one sees through, if it would come out with a declaration of what it is prepared to do, and can do, as a moral force to focus public opinion throughout the world, it would justify itself and it would be a real thing. It might draw unto itself again some of those who have lost faith in it in the past, and the future of the League might be assured for the benefit and salvation of mankind.

Mr. Chamberlain's analysis of the present state of collective security is probably quite accurate, and the fact that the Prime Minister of the United Kingdom has used this language tends in itself to make it still truer. It will be interesting to see whether the British Government will now take the lead in proposing a declaration of the League's present powers along the lines suggested by Mr. Chamberlain. I doubt that this will be the case.

On the same Sunday on which Mr. Eden was insisting on his resignation in London, Herr Hitler made a not inconsiderable contribution to the troubles of the League in his speech before the Reichstag. At first the speech was received with some relief, as it contained little that was new or immediately dangerous. Outside Germany it was overshadowed by the news of Mr. Eden's resignation. But second thoughts reveal it to be a singularly uncompromising and truculent assertion of Nazi doctrine. The passage relating to the League is too long to quote in full. After a caustic analysis of what the League had done or not done in relation to Germany—an analysis which if expressed in less tendencious [*sic*] language must be admitted to contain a good deal of historical truth—he concluded with the

announcement of German recognition of Manchukuo and this final sentence: "To sum up I want to explain that Germany no longer thinks of returning to this institution and certainly not since Italy's departure from it". The semi-official announcement that Germany would never return to the League which followed hard on the Italian resignation of 11th December is thus confirmed in express language by the pronouncement of the Führer on a great state occasion. In later passages Herr Hitler made it clear that he objected not merely to the League as such but also the diplomatic methods of conference and discussion for which the League stands. Obviously to talk as though there was any further prospect of Germany returning to Geneva within a reasonable time is to follow a will-o'-the-wisp.

The response of the French Government to these events cannot be stated clearly as yet. It seems to be authentic that M. Delbos offered to resign immediately after the resignation of Mr. Eden. The debate on foreign relations in the Chamber of Deputies on 25th February and 26th February was not illuminating. Perhaps the most accurate indication of the reaction of the Government was their immediate move to secure substantial funds for additional expenditure on armaments. They can scarcely continue to talk with any conviction or belief of basing their foreign policy on collective security under the Covenant. The League has always been in French eyes primarily a League for the restriction of Germany, however much this purpose may have been concealed beneath a veil of idealism. I have mentioned in a previous despatch the characteristic coincidence that on 1st February M. Paul-Boncour made a stirring and passionate defence of Article XVI and of the efficacy of sanctions before the Committee of Twenty-eight immediately after M. Delbos had insisted on weakening an already weak Council resolution on the Far Eastern situation so as to imply no possible commitment for France to take action in aid of China. Certainly the French Government is gravely disturbed that the entente with the United Kingdom will be weakened, as well as by Herr Hitler's insistence on the necessity of a victory for General Franco in Spain and by his implied menace to Czechoslovakia. It remains to be seen whether their fear of isolation will lead them to throw the weight of France into the move for European appeasement outside the League initiated by Mr. Chamberlain.

Czechoslovakia is probably the State most directly threatened by the methods used in Austria and by the implications of Herr Hitler's speech. It is commonly said here that the Czechoslovak Government has made up its mind that war is inevitable and that their main purpose is to seek to ensure that the war will be a general war when it comes, so that Czechoslovakia will not have to face Germany alone. In the midst of these dangers the Czechoslovak Government manage to preserve an admirable appearance of cool heads and brave hearts.

I wish that I could find a convincing reason for doubting my personal impression that there has been a great increase in international tension, accompanied inevitably by a corresponding decline in the prestige of the League, since my arrival in Geneva at the end of last October. At that time

it was still possible to find optimists here. The Assembly in its treatment of the Far Eastern and Spanish questions had just adopted stronger resolutions than had seemed likely before it met, and Mr. Roosevelt had recently delivered his Chicago speech. But there followed in quick succession the failure of the Brussels Conference, the Italian resignation from the League, the extension of Japanese conquest in China and a revival of isolationist sentiment in the United States. There was a slight revival in confidence after the last session of the Council and of the Committee of Twenty-eight, more perhaps by reason of what was left unsaid than for any definite achievement. Such hesitating and pallid optimism as was created has been dissipated by the events of the last three weeks. On the League's side there have been words only, and often equivocal words; on the side of the opponents of the League there have been truculent deeds as well as truculent words.

Perhaps the atmosphere of Geneva may be alarmist. I attempt to discount the depressing influence on League officials of the consciousness that their own careers are at stake. I have talked with many persons here, members of the diplomatic corps, journalists and officials of the League and International Labour Office, before writing this report, and I have encountered only one person who expressed the slightest doubt that the situation has grown much graver. Door after door seems to have been slammed, until in the minds of most the question is no longer whether war will come but when it will come. Mr. Chamberlain told the House of Commons on 21st February that he hoped that it would be possible to remove the threat of war for a generation. If his negotiations with Italy lead to a situation in which war need not be feared for five or even three years, I think that his policy will have been justified.

One must face the fact that there is only a very remote chance of a revival of the League in the present atmosphere and with the present divisions in Europe and the world. There is unpleasant truth in Herr Hitler's comparison of those who believe otherwise to ostriches. As an effective instrument of security the League can only revive, either as the League of Nations at Geneva under the present or an amended Covenant or under some other name in some other city under some other instrument, after a relaxation of tension which the League itself is impotent to effect. I have therefore a good deal of sympathy with Mr. Chamberlain's position, though I have grave doubts whether he can succeed. I do not greatly regret Mr. Eden's departure from the Cabinet, because he is, and honourably so, too much a prisoner of his own past to participate effectively in the sort of settlement at which Mr. Chamberlain appears to aim. I think that the strongest argument on the other side is that of Mr. Winston Churchill, that the position of the dictators and especially of Mussolini is becoming so desperate that we can well afford to wait. But how can one answer the objection that with dictators desperation is a frame of mind more likely to result in acts of violence than in contrition and a change of heart?

The League as a political force must, in my view, mark time for the present. There are problems of conciliation between its members, such as the current Franco-Turkish dispute over the Sanjak of Alexandretta, which it may still

handle effectively. Wherever the will exists to use its machinery there is valuable work for it to do. If tension relaxes between the Great Powers, the League, or the principles for which the League stands, should almost automatically revive, for then the will to employ these principles should simultaneously revive. Furthermore, there is great need for its non-political activities, though it is vain to deny that these too are handicapped at present. The International Labour Organisation and the technical organisations of the League have in their various fields work to do which must be done if we are not to revert to a tribal world. Disappointing though the results may sometimes be and apparently out of proportion to the efforts expended, it would, I think, be short-sighted indeed to discourage these activities. I should prefer to see their importance even over-emphasized, on the general ground that at least they tend to preserve the habit and technique of international collaboration in a world sadly in need of it, and at most they make a real contribution towards finding a civilised solution of many problems.

I have etc.

H. H. WRONG

719.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

DESPATCH 103

Geneva, March 5, 1938

Sir,

As an addendum to my despatch No. 93 of 28th February, I have the honour to submit additional observations concerning the general European situation and the position of the League of Nations.

I have heard less lamentation in Geneva over Mr. Eden's resignation than might be expected and have encountered very little disposition to support the line of attack on Mr. Chamberlain which has been adopted by the Labour Party in England. The point of view which I put forward in the last few pages of my previous despatch is not unrepresentative of sober opinion here. Most people recognise that the political influence of the League cannot rise from its low ebb without some measure of appeasement which can only be secured through negotiations outside the League. This does not mean that there is any lively expectation that the Anglo-Italian conversations will succeed. It is considered likely that at most they will bring perhaps a few months' respite, because the elements essential for a lasting understanding, on the model of the Entente Cordiale of 1905 [*sic*] between Great Britain and France, are considered to be lacking. Furthermore, I have heard it argued that the personal unpopularity in Great Britain of Signor Mussolini is so great that any agreement which might be achieved must have no finality, since it would be constantly attacked in the press and in Parliament so long as the present Italian régime endures.

It is believed here that Mr. Chamberlain will have either to achieve positive results in his Italian conversations within a short time or to face the prospect of being compelled to relinquish office. I have heard it suggested by more than one person that we may find before the end of this year Mr. Winston Churchill emerging as Prime Minister in a new coalition, with Mr. Eden back at the Foreign Office in a Cabinet pledged to take a bold line with the dictators. A not uncommon opinion is that it is on the whole a good thing for Mr. Chamberlain to try to break the vicious circle, and that even a total and obvious failure may have compensations, since then public opinion in Great Britain would support a Government ready to say in effect to Herr Hitler and Signor Mussolini "Thus far and no further". The assumption behind this opinion is that the danger of war is lessened by any definite policy which the British Government may pursue—an assumption not without validity when one reflects that the defence estimates in Great Britain provide this year for *each* of the three services a larger sum than the *total* expenditure of the Dominion Government.

While there is admitted to be a slight chance of an Anglo-Italian rapprochement, no one to whom I have talked here believes that an Anglo-German understanding will be reached. The reason commonly given is that no concessions which the democratic Powers could make to Germany in the colonial field or elsewhere would ensure European peace, since the Nazi régime is embarked on a course which admits no compromise. Even though the German Government may not press for territorial concessions in Europe, they seem bent on driving for a Mittel-Europa which would extend German domination along the Danube completely enough to make territorial sovereignty a minor matter.

In spite of Herr von Schuschnigg's bold speech on 24th February, no one in Geneva expects that the concessions extracted from Austria are intended by the Nazis to be in any sense final. I hear from several sources reports tending to confirm the brutality of the pressure put by Herr Hitler on Herr von Schuschnigg on 12th February; for example one report from a good diplomatic source states that Herr von Schuschnigg was flatly told by Herr Hitler that if he did not agree to the demands made upon him German troops would at once march into Austria and Vienna would not be spared from air bombardment. The expectation is that we shall see a rapid and unrelenting movement to transform Austria into a Central European Manchukuo, accompanied by a strong effort to compel the Succession States and the Balkan countries to descend from the fence and enter the German fold.

This cannot, of course, be welcome in Rome. Italy is in danger of being pushed out of Europe by the stronger partner in the axis and forced to become a Mediterranean-African State. There is, however, no public indication as yet that Italian fears have reached such a point that serious consideration is being given to breaking the axis. There is known to be a good deal of mistrust between the partners—mistrust in Berlin of the economic and military strength of Italy and of Italian loyalty, mistrust in Rome of the

penetration of Nazi influence to the Brenner and throughout Central Europe and apprehension that Italy is becoming a cat's-paw for Germany. But the balance of interest still seems to be well in favour of maintaining the *mariage de convenance*. The German-Italian partnership, with Swiss neutrality and the refortification of the Rhineland, strategically closes the land routes between Western and Eastern Europe, and thus greatly strengthens Germany's hand in pursuing her aims in Central and Eastern Europe, while Signor Mussolini cannot play in isolation his dangerous games in the Mediterranean. But one may wonder how real will be the cordiality behind the public embraces when the two dictators meet in Rome in May.

Meanwhile the great enigma of European politics, behind a frontier said to be denuded of civilian population in a belt thirty or forty kilometres wide, is staging a new mass trial of prominent officials and continues to keep the outside world guessing concerning both her intentions and her strength.

I have etc.

H. H. WRONG

720.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 185

London, July 30, 1938

CONFIDENTIAL. (1) The most important item on the Agenda at the forthcoming meeting of the League of Nations Assembly will probably be the Report of Committee of 28 on the application of the principles of the Covenant, and the Assembly will be faced with the necessity of coming to a decision affecting the whole future of the League. His Majesty's Government in the United Kingdom have accordingly been considering whether it would not be advisable for them to make specific proposals to the Assembly on this question and have been examining form which any such proposals might take.

(2) They are inclined to think United Kingdom representative in his speech at opening debate of Assembly might take a line which might be summarised as follows:

Further, it is necessary to recognise that the League by reason of its reduced membership and divided counsel among its remaining members is not in a position to give full effect to certain important provisions of the Covenant. This is due less to the terms of the Covenant itself than to force of circumstances and perhaps shortcomings of members. The position might have been different had it been possible to carry out fully Article VIII of the Covenant, but every effort to give effect to this Article has so far failed. Many members of the League of Nations have made it clear that they regard system of sanctions as in

fact suspended. Many more have tacitly or openly recognized an attenuated obligation laid on member States in matter of collective action. In these circumstances an honest avowal of limitations of the League would have the effect of putting it on a sounder basis and increasing its authority and usefulness as an instrument of peace.

Secondly reference could be made to position under Article XIX. After examination of effects of this Article in its present form it could be pointed out that while it is not the only Article of the Covenant providing for examination of grievances the fact that it has never been employed lends colour to one of the most frequent criticisms of the League, that it exists mainly for the perpetuation of *status quo*. Certain nations do not believe present state of affairs to be altogether just and fair, and they have, rightly or wrongly, abandoned any hope of rectifying it through machinery of the League. If the League is actively to fulfil its task some means must be found of making Article XIX a reality.

The Articles of the Covenant which provide a system for peaceful settlement of disputes afford an immensely valuable piece of machinery. These Articles have in some respects been overshadowed by coercive clauses of Covenant.

Two minor points may be mentioned.

(a) The desirability of modifying the unanimity rule in its application to the first paragraph of Article XI of Covenant in order that the League can intervene effectively at an earlier stage in disputes than has been possible hitherto. Proposals to this effect were made by the United Kingdom delegates at Assembly of 1936.

(b) Effect should be given to recommendations in report of Committee of Jurists to last Assembly upon the proposal that Covenant should be given an existence separate and independent from Treaties of Peace.

(3) The proposals which His Majesty's Government in the United Kingdom have in mind would be on the following lines:

As regards the obligations of the Covenant it would be suggested that any decision which might be reached should only be regarded as a *modus vivendi*. There is nothing essentially wrong with the Covenant and it should be kept substantially as it is in the hope that eventually it may be possible to apply it in its entirety. In the meantime it seems desirable clearly to define as a temporary measure the limits within which the League members can carry out their obligations as regards the coercive clauses of Covenant and secondly to improve the facilities provided for the remedying of just grievances. If possible this should be effected by an Assembly Resolution.

Such a Resolution might be based as regards collective obligations on the conception that circumstances in which the occasion for international action

will arise and the possibility and nature of action to be taken cannot be determined in advance and that each case must be considered on its own merits. Thus membership of the League would for the present involve in a (situation?) where a breach of the Covenant had been established in accordance with usual procedure, no automatic obligation to apply either economic or military sanctions. It would, however, in such a case involve a general obligation to consider in consultation with other members whether, and if so how far, they were able to apply measures provided in Article XVI and what steps if any they could take in common to render aid to the victim of such a breach of the Covenant. In the course of such consultation each member of the League of Nations would be the judge of the extent to which its own position would allow it to participate in any measures which might be proposed and in doing so it would be entitled to take into account the extent to which other members were prepared to act. It would at the same time be made clear that it is essential for the future of the League to preserve intact the principle that aggression against a member of the League is a matter of concern to all members and not one as to which they are entitled to adopt an attitude of indifference.

As regards the remedying of just grievances the Assembly's action might be directed towards encouraging the use of Article XIX by declaring that an expression of opinion by a sufficient majority of the Assembly on any issue brought before it under this Article should be regarded as indicative of the probable attitude of the League members in considering any action that might subsequently be taken by States concerned to give effect to that opinion.

Finally the Resolution might include proposals in regard to the application of the unanimity rule under Article XI, paragraph 1, and in regard to the separate and independent existence of the Covenant.

(4) In connection with the above proposals terms of joint communiqués issued by the Foreign Ministers of Belgium, Luxemburg, Holland, Norway, Sweden and Denmark, after their meetings on July 23rd/24th are noteworthy:

Convinced that their States should continue their participation in the work of the League of Nations they have put on record that their Governments are decided to maintain that line of action which they indicated by declaring they regarded system of sanctions under present conditions and as practised in past years as of a non-obligatory character. They consider further that this non-obligatory character of sanctions applies not only to a special group of States but to all members of the League of Nations. They are convinced that in the interests of the League of Nations this right to independent judgment should be expressly established. It is from this standpoint that they are preparing their participation in discussions of Report laid before Assembly for its consideration by Committee of 28.

(5) His Majesty's Government in the United Kingdom will be glad to learn views of other British Commonwealth Governments on the above suggestions and if, as they trust, those suggestions are generally acceptable to those Governments it is hoped they will be prepared to instruct their representatives at Assembly to support proposals on foregoing lines.



721.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 37

Ottawa, August 18, 1938

CONFIDENTIAL. Your telegrams Circular B. 185 of July 30th and No. 41 of August 15th.<sup>1</sup> Revision of League of Nations Covenant.

1. The Canadian Government appreciate the full statement of the views of your Government on the action to be taken by the forthcoming Assembly on the report of the Committee of Twenty-Eight, and have given careful consideration to the questions involved.

2. We fully concur in the view that honest recognition of the limitations of the League has the effect of putting it on a sounder basis and increasing its authority and usefulness as an instrument of peace. There is increasingly wide and emphatic conviction of the unworkability of sanctions. A large number of members of the League have made individual or group statements of their refusal to consider the sanctions provisions of the Covenant binding in view of the League's lack of universality and the avowed or tacit rejection of their application in the Chaco, Manchurian and Sino-Japanese disputes. There has been a stream of withdrawals from membership based in part on the sanctions situation.

3. Notwithstanding these facts, there remain a number of states convinced in principle of the desirability of sanctions or while unwilling to act in other regions still hoping that sanctions could be applied when they are themselves in difficulty. This division of opinion was marked in the proceedings of the Committee of Twenty-Eight, and was responsible for the inability of the Committee to make any definite recommendations for revision of the Covenant. We have anticipated that a larger body such as the Assembly would be almost certain to find itself even more seriously divided, and that it would be out of the question to secure the passage of any amendment under the procedure laid down in the Covenant itself. We had also considered that recourse to an interpretative Resolution might give rise to serious controversy and threaten the rather precarious degree of unity that now exists, and that in any case a resolution would not be likely to be generally accepted unless it were made so general and ambiguous as to permit of various interpretations. Moreover, if the Assembly were recognized to have any authority to suspend the application of sanctions it would also have authority to re-apply them—a position which the Canadian Government would not desire to see established.

4. In the view of the Canadian Government, the best course in the circumstances would be to act upon the conception that the Covenant of the

<sup>1</sup> Non reproduit/not printed.

League develops by convention and usage as well as by formal amendment and that what is needed at this stage is merely to point out or register the position at which the League has now arrived. That position, in the view of the Canadian Government, is set forth in the Report of the Committee of Twenty-Eight with as much clearness and precision as the conflicting viewpoints of the various members make possible, and a Resolution of the Assembly taking note of the Report would appear to be the best method of setting forth the present position. It would, moreover, provide a compromise solution between, on the one hand, the group that consider that the sanctions provisions should be maintained or strengthened, and on the other the "Oslo group",<sup>1</sup> who apparently desire, in view of the serious political situation and the recent action of the Council in formally recognizing the complete exemption of Switzerland from any obligation whatever to apply sanctions, either military or economic, to have an interpretative Resolution adopted which would specifically reserve to each member of the League the freedom to decide whether, in the event of aggression, it would apply sanctions or not. We profoundly hope that the undeclared wars now raging can be prevented from spreading further and the tension existing in other regions can be assuaged without recourse to violence—aims which we are convinced the unremitting activities of His Majesty's Government in the United Kingdom are markedly advancing. If so, a time may come again when the League can be reorganized and made more effective for the preservation of peace and the development of genuine international collaboration. In the present circumstances, however, we would be inclined to question the value of any further attempts to modify the provisions of the Covenant by trying to get the Assembly to agree on how the Covenant should be interpreted.

5. In view of the fact that His Majesty's Government in the United Kingdom have been considering an interpretative resolution we have examined the matter further. As regards Article Nineteen we agree that if the League is to fulfil its task of promoting international cooperation, ensuring the fulfilment of accepted obligations and providing safeguards against war, some means must sooner or later be found for the revision of treaties that have become inapplicable. As regards the proposed solution, we are not certain whether it is meant that the views of a majority in the Assembly could be taken as indicating the attitude of members not accepting the majority view.

It is clear also that it would be desirable that the Covenant be made independent of the Treaties of Peace. On the purely technical side of separating the Covenant from the Peace Treaties, without adding to or taking away from the substance of the Covenant, the suggestions of the Jurists Sub-Committee, especially when effect is given to the observations of the Chilean and the Netherlands representatives, appear to accomplish the objective with a minimum of dislocation inseparable from such an operation.

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<sup>1</sup> La Norvège, la Suède, le Danemark, la Finlande, la Belgique, les Pays-Bas, et le Luxembourg. Norway, Sweden, Denmark, Finland, Belgium, The Netherlands, and Luxembourg.

The proposal might have some value as a gesture of reconciliation though, at this late date, it would likely be slight. The Canadian Government, however, have no objection in principle.

The Canadian Government also agree that if it were feasible the Covenant might with advantage be amended to provide that, in recommendations under paragraph 1 of Article XI, the votes of the disputants should not be counted; provided, however, and the provision is important, that the Article is used, as we think it ought exclusively to be used, for genuinely conciliatory and preventive measures and not made the basis of sanctions against countries which have not resorted to war.

6. The proposal with respect to Article XVI raises more difficult problems. The Canadian Government have already taken exception to suggestions made in the proceedings of the Committee of 28 and elsewhere, contemplating the possibility of applying the full coercive provisions of the Covenant in certain special cases where groups of members might find it to their interest to have them applied. The proposed interpretative resolution would appear to leave this possibility open. If so, any group of European members would be put in a position to seek to revive the sanctions provisions in a case and at a time that it suits their interests to do so, in spite of having ignored them with respect to wars of aggression in America and Asia. The Canadian Government have indicated in Parliament their view that the sanctions provisions of the Covenant have ceased to have effect by general practice and consent and that nothing should now be done which would facilitate their revival under present circumstances by any state or group of states at will.

7. In view of these considerations the Canadian Government are still of the view that the best course in all the circumstances would be simply to take note of the report of the Committee of 28. In setting forth frankly their views, in response to your request, the Canadian Government, it should perhaps be added, do not contemplate initiating any procedure themselves at Geneva. They would be grateful, however, before deciding on final instructions to their delegation to the Assembly, to have any further views of your Government when it has considered the views received from the other Commonwealth Governments.

722.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 43

London, August 23, 1938

IMPORTANT. CONFIDENTIAL. Your telegram of the 18th August, No. 37, Covenant of the League of Nations.

His Majesty's Government in the United Kingdom are grateful for full expression of views of His Majesty's Government in Canada on suggested procedure at forthcoming Assembly of the League of Nations.

They would like to explain in more detail the scope of proposals outlined in telegram Circular B. 185.

The object of these proposals is simply to clarify a situation in which members of the League, without disputing nature of their obligations, claim that they cannot, in the existing circumstances, undertake to apply them unconditionally. The present disparity between formal obligations and ability to fulfil them in practice is damaging to the credit of the League and uncertainty of position is leading to defection from Geneva.

His Majesty's Government in the United Kingdom feel that it is essential to preserve principle that an act of aggression against a member of the League is a matter of concern to all its members whatever action it may or may not prove possible to take in the circumstances. The proposals described in telegram Circular B. 185 would not preclude a member of the League which, after consultation and consideration, might object on the grounds of principle or expediency to taking measures to stop an aggressor or assist a victim of aggression from refraining from so doing. This, it appears to us, would safeguard position of Governments which share the view of His Majesty's Government in Canada, and it seems difficult to maintain standpoint that since sanctions have not been applied or not fully applied on occasions in the past, members of the League are therefore not free to carry out their obligations if they are able to do so.

His Majesty's Government in the United Kingdom does not underrate difficulty of securing agreement to their proposal but their own feeling is that to take note of Report of Committee of 28 which is no more than a collection of documents and statements would not in any way allay apprehension of members of the League and would be more likely to increase uncertainty of existing position at a moment when it is of the highest importance that peace-loving nations should give an impression of community of purpose.

Further, proposals of His Majesty's Government in the United Kingdom in regard to Article XVI were intended to be considered in relation to their proposals in regard to Article XIX which were intended to restore proper balance of Covenant. If by increased use of Article XIX causes of disputes could be removed there would be less likelihood of disputes coming to a head. In this connection they would explain that intention of proposals in regard to Article XIX was that views of a majority of the Assembly would not indicate the attitude of members who did not share those views.

From expressions of opinion by His Majesty's Governments in the other Dominions which are being repeated to His Majesty's Government in Canada, His Majesty's Government in the United Kingdom are reinforced in their belief that a middle course such as that suggested in telegram Circular B. 185 presents the only prospect of agreement and of averting further defection from and disruption of the League.

Replies to telegram Circular B. 185 received from His Majesty's Governments in the other Dominions and answers being sent to these are being repeated in separate telegram.<sup>1</sup>

723.

*Le secrétaire d'État aux Affaires extérieures  
au secrétaire par intérim aux Dominions  
Secretary of State for External Affairs  
to Acting Dominions Secretary*

TELEGRAM 41

Ottawa, August 31, 1938

CONFIDENTIAL. Your confidential telegrams No. 43 and 44,<sup>1</sup> August 23rd. Proposals respecting revision of the Covenant.

1. His Majesty's Government in Canada have re-examined the proposals set forth in your telegram of July 30th in the light of your further observations and of the views of His Majesty's Governments in Australia, New Zealand and South Africa. They have also had the advantage of a brief personal discussion with the Secretary of State for Dominion Affairs.

2. They have noted the clarification added with respect to Article XIX. They concur in the desirability of greater use of this Article. If a proposal were to be made that the Members of the Assembly should be encouraged to pass resolutions expressing judgment upon the merits of a particular issue or making specific suggestions for its solution, it would appear difficult to envisage a concrete case in which such a procedure might be usefully followed. Further, such a proposal would appear to go beyond the provisions of Article 19 and in some circumstances might be as likely to furnish a preliminary to sanctions as a substitute for sanctions. It is assumed that it is not a proposal of this character that is under consideration by His Majesty's Government in the United Kingdom. As pointed out in my earlier telegram the Canadian Government are also in general agreement in principle with the views of your Government on Article XI and the separation of the Covenant from the Peace Treaties.

3. With respect to the main question, however, of a Resolution redefining the obligations of members of the League under Article XVI of the Covenant, none of the considerations in the telegrams under reference appear to warrant alteration of the position adopted by the Canadian Government regarding sanctions. Indeed the fuller statement of the purpose of the Resolution appears to make it necessary to restate that position. A resolution such as proposed would leave it open to any group of nations which had set aside any thought of applying the sanctions provided in the Covenant to assist the victims of aggression in America and Asia, to endeavour later on to set the machinery

<sup>1</sup> Non reproduits/not printed.

of the League in motion to have sanctions applied under the Covenant if one of them in turn should be subjected to aggression. It may well be that technically the proposal outlined in your telegram of July 30th would not preclude a member of the League from refusing to apply sanctions against an aggressor. If, however, the machinery of sanctions is kept in being, and if a group of European states are free to set it in motion at their will, it must be recognized that the effect of such a procedure would be to bring pressure upon other states in the highly emotional atmosphere induced by nearby conflict.

4. A course of action which would permit sanctions being applied in certain cases when some members so desire and not applied in other cases of flagrant aggression, cannot in our opinion find a basis in the Covenant. The framers of the Covenant contemplated a League practically universal in membership which would therefore be in a position to prevent aggression in any and every area by the application of economic and military force, action by each member state being practically automatic upon its finding that a violation of certain Covenant provisions had occurred. A conception under which a League shorn of the majority of Great Powers should be utilized to induce participation in specially selected conflicts would appear to reduce the League, or what would be left of it, to a military alliance. Such a conception appears to be not an interpretation either of original obligations under the Covenant or of existing facts, but rather a proposal to set up a new type of League and a new Covenant.

5. With respect to procedure the Canadian Government would still be reluctant to see a movement launched at the forthcoming Assembly looking to revision of the Covenant by an interpretative Resolution. The report of the Committee of Twenty-eight is, it is true, "no more than a collection of documents and statements". They are, however, important statements and represent the best efforts of twenty-eight countries over a period of eighteen months to find an acceptable revision of the Covenant and particularly of the question of sanctions. If they were unable to recommend any concrete proposals a larger body, such as the Assembly, would doubtless be more divided. In any case a Resolution of the Assembly, as the New Zealand Government points out, could not change the formal obligations of the Covenant and if, as is indicated, member states are leaving or threatening to leave the League because of the disparity between their formal obligations as set forth in the Covenant and their willingness to carry them out, then there is no hope of preventing their defection. The Sanctions provisions have already, by general practice and consent, ceased to be effective and this Government feel that nothing should be done under present circumstances to facilitate their revival.

6. Definite assurances were given the Canadian Parliament towards the close of the last Session. In dealing with the necessity of guarding against the possibility that Article 16 might be taken out of storage when it suited the interest of some of the members that now completely ignore its existence, it was stated, with a view to avoiding any possibility of ambiguity of [*sic*] mis-

understanding that "So far as the Canadian Government is concerned, the sanctions articles have ceased to have effect by general practice and consent, and cannot be revived by any state or group of states at will."

7. The Canadian Government are most anxious to do nothing to make more difficult the task your Government has set itself. If the proposed Resolution could be confined to simply setting forth the position that the provisions of Article 16 with respect to sanctions have by general practice and consent ceased to have effect the difficulty that certain nations find between the formal obligations of the Covenant and their willingness to carry them out under actual conditions might be overcome. The proposals respecting the separation of the Covenant from the Peace Treaties and the other Articles to which reference has already been made would probably be acceptable to most members, though a good deal of discussion might be expected on any proposal regarding Article 19.

8. They are still of the view, however, that under present world conditions the course most consistent with the practice and trend of the League and least likely to give rise to division and debate which might weaken the League in the eyes of outside states would be simply to take note of the Report of the Committee of Twenty-eight.

724.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 57

Geneva, September 15, 1938

With reference to final paragraph of my telegram of the 13th September, No. 55,<sup>1</sup> it appears almost certain that no Resolution re-defining sanctions obligation will be put forward in Assembly. British and French delegations agree that proceedings will probably be confined to noting declarations made in Assembly and Sixth Committee by various Governments and presumably also Report of Committee of Twenty Eight. Oslo Powers appear to be satisfied with this and Foreign Ministers of Sweden and the Netherlands in declarations made in Assembly Tuesday did not demand more binding procedure. British statement, which may be delivered Friday, will put forward position of United Kingdom Government respecting sanctions along the lines proposed in their telegram No. 185 of the 30th July without suggesting an interpretative resolution.

The British delegation has encountered strong opposition to their proposed reference to Article 19 and they now reluctantly intend merely to emphasize the importance of the conception of the League as an agent of conciliation and not as an instrument for maintaining the status quo. Roumania and other

<sup>1</sup> Non reproduit/not printed.

Succession States with the support of France hold that a more definite reference to Article 19 might encourage further demands for treaty revision and increase the tension in Central Europe. For the same reasons objection has been taken to any infringement of the unanimity rule and the British proposal that Article XI may come to nothing. Naturally all delegations are considering their obligations in the light of Czechoslovakia. Chinese will probably agree to postponement of consideration by Council of their appeal for application of Article XVII until European situation is clearer.

725.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 58

Geneva, September 16, 1938

My telegram No. 57, September 15th. British statement made in Assembly this morning outlined briefly proposals regarding application of Covenant which will later be brought forward in Sixth Committee. These are:

- (1) Some modification of unanimity rule in Article XI.
- (2) Separation of Covenant from Peace Treaties, and
- (3) Frank recognition of actual situation with regard to coercive clauses.

Statement on this point was as follows:

The view of United Kingdom Government is that circumstances in which occasion for international action will arise and possibilities and nature of action to be taken cannot be determined in advance, and that each case must be considered on its merits. Thus, even in a case where a breach of Covenant had been established in accordance with usual procedure, there would, in view of His Majesty's Government in the United Kingdom, be no automatic obligation to apply either economic or military sanctions.

There would, however, be a general obligation to consider, in consultation with the other members, whether, and if so how far, they were able to apply the measures provided in Article XVI and what steps, if any, they could take in common to render aid to victims of such a breach of the Covenant.

In the course of such consultations each State would be the judge of the extent to which its own position would allow it to participate in any measures which might be proposed, and in so doing it would no doubt be influenced by the extent to which other States were prepared to act.

I should add, however, that in reaching this conclusion, His Majesty's Government in the United Kingdom wishes to make it clear that they regard as of essential importance for the future of League to preserve intact the principle that aggression against a member of the League is a matter of concern to all members, and not one as to which they are entitled to adopt an attitude of indifference.

General debate will continue Monday and question will not reach Sixth Committee before middle of next week. I shall telegraph concerning specific proposals as soon as texts are available.



726.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 61

Geneva, September 20, 1938

My telegram September 16th, No. 58, question of revision of the Covenant. In plenary session Sweden, Netherlands, Norway, Poland, Denmark, Belgium, Finland, Esthonia and Latvia set forth in varying terms an essential principle namely, as a result of the present circumstances and the practice followed in recent years the system of sanctions has acquired non-obligatory character and that the right of each member State to determine whether and to what extent it is prepared to apply the provisions of Article XVI should be duly placed on record. General debate in the plenary session finishes Wednesday evening and it is not expected that the remaining speakers will devote much attention to the question of interpretation of the Covenant, those listed being Latin American States desirous of eulogising all concerned over the conclusion of the Treaty between Bolivia and Paraguay.

The United Kingdom delegation has dropped the proposal respecting the separation of the Covenant from the Treaties of Peace and the re-interpretation of Article XIX and has decided not to introduce the Resolution respecting the interpretation of Article XVI. It proposes, however, to make a short statement in the Sixth Committee to the effect that in the view of the United Kingdom Government the circumstances in which the occasion for international action may arise and the nature of the action to be taken could not be determined in advance and that each case must be considered on its own merits. Even in cases where breach of the Covenant has been established in accordance with usual procedure there would be, in their view, no automatic obligation to apply either economic or military sanctions. They emphasize, however, that in their view there would be general obligation to consider, in consultation with other members, whether, and if so how far, they were able to apply measures provided in Article XIX, and what steps, if any, they could take in common to render aid to the victims of a breach of the Covenant. They regard it as of essential importance to preserve intact the principles that aggression against a member of the League of Nations is a matter of concern to all members and not one as to which they are entitled to adopt an attitude of indifference.

During the discussions on the question in the Sixth Committee Mr. La-pointe proposes to put on record our view, enunciated in 1936 and subsequently reiterated in various forms as to non-obligatory character of sanctions in the present circumstances of the League—a view which is in accord with that expressed by the Oslo group. This group, it is understood, will be prepared to support the British viewpoint. In view of developments since the Prime Minister's speech of May 24th and the exchange of telegrams with the United Kingdom Government (last telegram of which we have information

being that of August 31st) Mr. Lapointe would appreciate instructions by Friday as to whether it would be desirable to go further and put before the Sixth Committee the view that sanctions may not be revived by any State or group of States at will. It seems unlikely that any other delegation will go as far as this and, in Mr. Lapointe's view, it would be sufficient to re-state the position set forth by the Prime Minister here in 1936.

727.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]  
Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

TELEGRAM 43

Ottawa, September 22, 1938

Your telegram September 20 No. 61, Revision of Covenant. I agree it would be desirable as Mr. Lapointe proposes to put on record our view as stated on various occasions as to non-obligatory character of sanctions in the present circumstances of the League. United Kingdom statement and their decision not to seek an interpretative resolution represent a considerable advance toward our position. I do not think it desirable, particularly under present circumstances, to emphasize any remaining differences between our position and that of the United Kingdom or the Oslo countries. At the same time it is not desirable to prejudice our own position. It would not be sufficient to refer merely to my Geneva statement of 1936 as the in and out interpretation of the sanctions article had not then been developed. That interpretation was dealt with in my statement in House of Commons in May 1938. It would probably be sufficient to say that Canadian position remained as stated in Geneva in 1936 and in House of Commons in May, 1938, without quoting or spelling out either statement in any point differing from United Kingdom view. It might be considered whether in reference to our previous positions which Mr. Lapointe proposes to make some mention should be made of opinion expressed to the effect that Article 16 has been interpreted by actual practice and consent and that a practice which has been developed as regards one region cannot be limited to that region alone. On this latter point however I would wish Mr. Lapointe to use his judgment in light of general desirability of not emphasizing any difference of opinion with United Kingdom on this matter.

728.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures  
Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 63

Geneva, September 23, 1938

Your telegram No. 43, September 22nd. Mr. Lapointe made statement on Article XVI in Sixth Committee this afternoon. He reaffirmed position in your speech in 1936 Assembly, referred to your speech in House of Commons last May, and incorporated suggestions set out in your telegram.

729.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 66

Geneva, September 29, 1938

IMMEDIATE. In Sixth Committee last night Resolution adopted 21 to 2 (Poland and Hungary) which reads as follows:

The Assembly expresses the view that, in cases in which a dispute is referred to Council under Paragraph 2 of Article XI, the Council may, with the consent of all its members other than the parties to the dispute:

- (1) express an opinion or adopt a report concerning the facts of dispute;
- (2) make recommendations as to measures to be taken by members of the League of Nations, other than the parties to the dispute, to safeguard peace.

We abstained after stating our position as set forth in your telegram to the Dominions Office of August 18th.

Resolution will probably be defeated in the Assembly tomorrow. I propose to abstain unless I receive instructions to support the proposal.

Report of Sixth Committee on Article XVI fully meets our point of view.

730.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]*  
*Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

TELEGRAM 45

Ottawa, September 29, 1938

MOST IMMEDIATE. Your telegram No. 66 of September 29th. Committee resolution regarding Article eleven.

Your telegram states resolution was adopted in Committee by twenty-one to two, but that you expect it will be defeated in Assembly tomorrow. Please explain immediately difference of attitude in Committee and Assembly and general line-up of members.

731.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 67

Geneva, September 29, 1938

MOST IMMEDIATE. Your telegram 29th September, Committee Resolution regarding Article XI.

Unanimity rule insures defeat of Resolution in Assembly by hostile votes of Poland and Hungary. U.S.S.R., Roumania and perhaps some American countries will abstain with all other States probably supporting Resolution.

732.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]*  
*Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

TELEGRAM 47

Ottawa, September 29, 1938

Your telegrams No. 66 and 67 regarding Article XI. Continue to abstain.

733.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]*  
*Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

TELEGRAM

Ottawa, October 2, 1938

Your telegram No. 68, September 30th.<sup>1</sup> You are authorized to sign Protocol regarding separation of Covenant from Peace Treaties.

734.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

DESPATCH 428

Geneva, October 4, 1938

Sir,

With reference to your unnumbered telegram of 2nd October concerning the signature of the Protocol providing for the so-called separation of the Covenant from the Treaties of Peace, I have the honour to inform you that I signed the Protocol yesterday afternoon in accordance with your instructions. It has now been signed by representatives of about thirty States.

A certified copy of the Protocol will be forwarded to you by the Secretary-General. I enclose herewith document A.79<sup>1</sup> containing its text and also document A.78,<sup>1</sup> being the report submitted to the Assembly on this subject by the Sixth Committee. The report contains the text of the two resolutions on the question which were adopted by the Assembly on 30th September.

I have etc.

H. H. WRONG

<sup>1</sup> Non reproduits/not printed.

735.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

December 21, 1938

RECOGNITION OF ITALIAN SOVEREIGNTY  
OVER ETHIOPIA

On November 16th, 1938, the British Ambassador in Rome communicated to Count Ciano new Letters of Credence accrediting him to "the King of Italy and Emperor of Ethiopia". A declaration recording the entry into force of the Anglo-Italian Agreement of April 16th was signed by the British Ambassador and Count Ciano the same evening.

In a telegram of Saturday, November 12th<sup>2</sup> the Canadian Government was advised that this decision had been made. No request was made for our concurrence, and no communication was sent to London on the subject. Earlier, on October 26th, a circular telegram<sup>2</sup> had been sent, indicating that the United Kingdom Government had concluded that it would be advisable to bring the Anglo-Italian Agreement into force primarily for the purpose of detaching Mussolini from the Rome-Berlin axis, and following a debate in the House of Commons it was probable that new credentials would be sent to the British Ambassador accrediting him to the 'King of Italy and Emperor of Ethiopia'.

In the debate in the British House of Commons on November 2nd, Mr. Chamberlain defended the recognition of Italian sovereignty over Ethiopia, pointing out that every other country in Europe except Soviet Russia had already granted recognition and that the Council of the League, by a majority vote, had expressed the unqualified view that it was for each nation to decide for itself whether it should or should not accord this formal recognition. He went on to say that the Dominions had been kept fully informed. He quoted a telegram from the Prime Minister of Australia urging that the Anglo-Italian Agreement be brought into operation forthwith, and one from the Prime Minister of South Africa stating that he considered the steps that the British Government were taking were wise and necessary and would materially contribute to appeasement in Europe. In response to questions Mr. Chamberlain indicated he had had no communication from New Zealand or from Canada.

The Irish Free State had anticipated the action of the United Kingdom by accrediting its Minister to the King of Italy and Emperor of Ethiopia several months earlier.

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<sup>1</sup> De/by O. D. Skelton.

<sup>2</sup> Non reproduits/not printed.

In response to enquiries, we have been informed that the Australian Government on November 16th requested the Secretary of State for Dominion Affairs to instruct the British Ambassador in Rome to inform the Italian Government that His Majesty's Government in the Commonwealth of Australia accord de jure recognition of the incorporation of Abyssinia into the Royal Italian Empire. On the same day Mr. Lyons made a statement in Parliament in which he referred to the intention of the United Kingdom Government to accredit the British Ambassador in the above way, mentioned the interest of Australia in the preservation of a peaceful and friendly situation in the Mediterranean, and announced the Commonwealth's decision as set out above. A letter was forwarded as a matter of courtesy only to the Italian Consul-General in Sydney, indicating the Commonwealth Government's decision.

So far as Canada is concerned, two points arise:

1. *The desirability of according recognition.* I gather it is the view of the Government that recognition should now be accorded. As pointed out above, every country in Europe except Russia has now granted recognition, including both the United Kingdom and Ireland. Australia has taken separate action, and South Africa will doubtless take action by giving new Letters of Credence to the South African Minister to Italy. The statements made by the Imperial Conference and by the League of Nations Council support the view that there is no longer any reason for shutting our eyes to established facts.

2. *Procedure to be followed in recognition.* The most explicit precedent is in the recognition of the Republic Government in Spain following the overthrow of King Alfonso. We were asked if we wished to concur with the United Kingdom in the recognition of the new Government and replied we were, and His Majesty's Ambassador at Madrid addressed separate notes on behalf of the United Kingdom, Australia, New Zealand, South Africa, Canada and the Irish Free State. It is somewhat surprising that the United Kingdom did not propose similar action in the present case. They may have assumed that our attitude at the Imperial Conference in 1937 and the fact that we had not replied in the negative to their note of November 12th implied concurrence, or possibly some feeling because we had not rallied round to the support of the Anglo-Italian Agreement as Australia and South Africa had done, may have been responsible for this course. Incidentally, there has been a marked tendency on the part of Mr. Chamberlain of late to make the wholly unwarranted assumption that when the United Kingdom informs us of a policy on which it has already made a decision, an absence of any statement on our part involves concurrence and approval of that policy. The following courses appear open:

(1) To assume that the action of the British Ambassador on November 16th involved recognition on our part. (This position

does not seem in accordance with precedent or with existing constitutional practice. It is quite true that Canada has nothing to do with the appointment of United Kingdom Ambassadors or Ministers, and that we use their services where we have no representatives by courtesy only. That is not the question at issue here, however. The point is whether Canada is to be assumed, without any explicit authorization on its part, to have reversed the attitude of non-recognition taken by all League members who joined in sanctions. In any case the fact that Australia and the Irish Free State have already taken separate action and South Africa doubtless will very shortly, makes it impossible to adopt this interpretation.)

(2) Some advantage might be taken of some concrete issue arising between Italy and ourselves which could be made the occasion of a statement on our part. No such question has arisen, however, and further delay does not appear advisable.

(3) An informal communication might be sent the Consul-General of Italy. This, however, would not appear to be suitable in a matter of such formal importance.

(4) The British Ambassador at London [*sic*] might be requested to send a note to the Italian Foreign Office indicating Canada's recognition.

This seems about the only course open. A draft telegram<sup>1</sup> is attached and also a draft press statement.<sup>1</sup>

736.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]  
Secretary of State for External Affairs to Permanent Delegate, [L. of N.]*

TELEGRAM

Ottawa, December 29, 1938

We have requested the Secretary of State for Foreign Affairs to instruct the British Ambassador in Rome to inform the Italian Government that His Majesty's Government in Canada recognize the King of Italy as Emperor of Ethiopia.<sup>2</sup> Despatch<sup>1</sup> follows.

<sup>1</sup> Non reproduits/not printed.

<sup>2</sup> Voir Décret du Conseil C.P. 3253, 22 décembre 1938.  
See Order in Council P.C. 3253, December 22, 1938.

## PARTIE 2/PART 2

RHÉNANIE  
RHINELAND

737.

*Lettre circulaire de la Société des Nations*  
*League of Nations Circular Document*

C.113.M.53.1936

Geneva, March 9, 1936

TREATY OF MUTUAL GUARANTEE BETWEEN GERMANY,  
BELGIUM, FRANCE, GREAT BRITAIN AND ITALY,  
DONE AT LOCARNO, OCTOBER 16th, 1925; COMMUNICATION  
FROM THE FRENCH AND BELGIAN GOVERNMENTS

—  
*Telegram dated March 8th, 1936, from the Secretary-General  
to the German Government*  
—

Geneva, March 8, 1936

I have the honour to communicate to you the following telegram which I have received from the French Government.

Quote. By Article I of the Treaty negotiated at Locarno to which Belgium France the British Empire and Italy are Parties with Germany Germany confirmed inter alia her intention to observe the stipulations of Articles 42 and 43 of the Treaty of Versailles which provide for the demilitarisation of the German Territory on the left bank of the Rhine and on the right bank of the zone situated between that river and a line drawn fifty kilometres to the East.

In virtue of Article 8 of the Treaty of Locarno that Treaty cannot cease to have effect otherwise than by a decision of the Council of the League of Nations voting by a two-thirds majority.

Notwithstanding these explicit provisions the Government of the Reich by a communication made yesterday to the representatives in Berlin of the Signatory Powers has just repudiated this Treaty by a unilateral act.

Moreover in reply to a question put by the French Ambassador when this notification was made to him the Minister for Foreign Affairs of the Reich announced that the German Government proposed to send small detachments into the demilitarised zone as a symbolical act.

In fact the appearance of considerable military forces is already reported in several localities in the zone.

The German Government has thus expressly violated Article 43 of the Treaty of Versailles and Article I of the Treaty of Locarno.



Consequently in conformity with Article 4 of the last-named Treaty the French Government has the honour to seize the Council of the League of Nations of the violation thus committed.

In view of the urgency of the matter I should be obliged if you would take all necessary measures for the Council to meet as soon as possible.

I beg you to accept the assurance of my highest consideration.

PIERRE ETIENNE FLANDIN

End quote.

The President of the Council proposes that the Council should meet at Geneva on Friday March 13th at 11 hours.

Should the German Government as Contracting Party to the Treaty mentioned above wish to take part in the examination of this question by the Council, I should be grateful if you would inform me.

AVENOL

738.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State for  
External Affairs*

PARAPHRASE OF TELEGRAM 80

London, March 9, 1936

IMMEDIATE. The Secretary of State for Dominion Affairs in consultation with High Commissioners this afternoon affirmed that while Great Britain would join in condemnation of Germany for her violation of Treaty of Locarno, British intention was to deal as constructively as possible with present situation and to aid in rebuilding of peace on firmer basis. Ends.

MASSEY

739.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 25

London, March 10, 1936

IMMEDIATE. SECRET. My telegram of the 9th March, Circular B. 24.<sup>1</sup> Following for Prime Minister, Begins: The Secretary of State for Foreign Affairs and the Lord Privy Seal have recommended from Paris that they should be authorized to propose following procedure to Locarno Powers in view of complex and critical position which has developed today. (Full particulars of these developments are not yet available).

(1) That they return to London tomorrow morning and that meeting of Committee of Thirteen be postponed until next week.

<sup>1</sup> Non reproduit/not printed.

(2) That they invite Locarno Powers to meet on Thursday afternoon in London.

(3) That they invite Council of the League to meet next Saturday in London.

The United Kingdom representatives feel that negotiations in London offer best chance of resolving present situation and that for purposes of contact with Germans (which will also have to be preserved) London is better than Geneva.

Proposals have been approved by His Majesty's Government in the United Kingdom. Italy, Belgium and France, have agreed to meeting on Thursday and arrangements are being made for meeting of Council in London on Saturday. Ends.

740.

*Mémorandum*

*Memorandum*

March 10(?), 1936

CANADA AND THE RHINELAND

The crisis arising from Germany's denunciation of the Treaty of Locarno and re-occupation of the demilitarized zones, raises the question of Canadian obligations. Such obligations might be held to arise from one or more of the following undertakings or relationships:

- I. Provisions of the Treaty of Versailles, Articles, 42-44.
- II. Provisions of the Treaty Locarno.
- III. Provisions of the Covenant of the League of Nations.
- IV. Position as a member of the British Commonwealth of Nations.

I. *Provisions of the Treaty of Versailles, 1919.*

Canada was a signatory of the Treaty, which contained the following provisions:

*Left Bank of the Rhine.*

*Article 42.*

Germany is forbidden to maintain or construct any fortifications either on the left bank of the Rhine or on the right bank to the west of a line drawn 50 kilometres to the East of the Rhine.

*Article 43.*

In the area defined above the maintenance and the assembly of armed forces, either permanently or temporarily, and military manoeuvres of any kind, as well as the upkeep of all permanent works for mobilization, are in the same way forbidden.

*Article 44.*

In case Germany violates in any manner whatever the provisions of Articles 42 and 43, she shall be regarded as committing a hostile act against the Powers signatory of the present Treaty and as calculated to disturb the peace of the world.

These articles imposed obligations upon Germany. They did not impose obligations as guarantors upon the other signatories. The Treaty of Versailles was presumably a treaty to end a war, not a promise to begin another. The signature of a treaty has never, in the absence of a special undertaking, been considered to involve a pledge to maintain its provisions as regards other parties. Articles 42-44 of the Treaty of Versailles, in particular, do not involve an undertaking to enforce the demilitarization of the Rhineland. They simply give an injured party a legal basis for war. An act of war does not automatically produce a state of war. If Great Britain or other signatories were already obliged to enforce these articles, why was the Treaty of Locarno required?

*II. Provisions of the Treaty of Locarno, 1925:**(a) Origin and Summary of the Treaty.*

The treaty was the first successful effort to supplement the provisions of the Covenant by special guarantees. The Anglo-American treaties of 1919 for the guarantee of the boundaries of France were never ratified; the Draft Treaties of 1923 for Mutual Guarantee on a Regional Basis came to nothing, and the Geneva Protocol of 1924, providing for universal guarantees, also failed. In 1925, with a spirit of conciliation existing in France under Briand and in Germany under Stresemann, it was possible to conclude a regional agreement, and to secure the guarantee of Britain and Italy. It arose from a suggestion by Germany for a security pact guaranteeing the Rhine boundaries and providing for settlement of all disputes by arbitration. The proposals were welcomed by Britain, and regarded with suspicion by France, particularly in view of Germany's refusal to give a similar undertaking as to her eastern boundaries. The outcome of the discussions was the nine Locarno agreements, of which the central one was the Treaty of Mutual Guarantee.

Under this Treaty

*(1) France and Germany and Belgium and Germany undertook*

*(a)* to maintain the existing boundaries and observe Articles 42 and 43 of the Treaty of Versailles.

*(b)* not to attack or invade or resort to war against each other, except in defence against unprovoked aggression or violation of Articles 42 and 43.

*(c)* to settle all disputes by peaceful means as detailed in separate Arbitration Conventions.

(2) *Great Britain and Italy gave*

(a) an unconditional guarantee, jointly and severally, to maintain the boundaries and ensure the observance of Articles 42 and 43;

(b) a conditional guarantee to come to the aid of France or Belgium if attacked by Germany, or of Germany if attacked by France or Belgium, *provided*

i. that the Council of the League decided there had been a violation of the undertaking not to make war or the undertaking to observe Articles 42 or 43;

ii. that, pending inquiry by the Council, in case of a flagrant attack or violation of these articles, the guaranteeing country was satisfied that this constituted an unprovoked act of aggression and rendered speedy action necessary.

The collateral agreements provided for arbitration between Germany and Belgium, France, Poland and Czecho-Slovakia respectively, and for mutual assistance between France and Poland, and France and Czecho-Slovakia if Germany made an unprovoked attack. Great Britain declined to join in or guarantee the latter treaties.

Under the main treaty Great Britain has jointly and severally guaranteed the observance of the stipulations of Articles 42 and 43 regarding the demilitarized zone, and has further undertaken to "come immediately to the assistance of the Power against whom the act complained of is directed", (a) if the League Council declares there has been a violation, or (b) if before the Council act, it itself concludes there has been a violation and immediate action is necessary. There is room for argument today as to what is involved in "guaranteeing the observance" of Articles 42 and 43, or in "coming to the assistance" of France in case of their violation, but it may be contended that at the time the Treaty was signed, all parties understood that would imply the use of armed force if more peaceful means of prevention or remedy failed.

As regards Canada's obligations, the position is very clear. Article IX of the Treaty of Mutual Guarantee reads:

The present treaty shall impose no obligation upon any of the British Dominions, or upon India, unless the Government of such Dominion or of India, signifies its acceptance thereof.

In November, 1925, when the Treaty was being considered by the British Parliament, the British Government cabled all the Dominions suggesting they suspend judgment as to whether or not they would accept, until after a conference with British ministers at the next Imperial Conference. On January 8, 1926, the Canadian Government replied declining to undertake the obligation or to undertake to defer decision until after a conference. (See telegrams attached<sup>1</sup>).

<sup>1</sup> Non reproduits/not printed.

At the Imperial Conference in 1927 [*sic*], the question was raised. While Australia would have accepted if Canada had, Canada stood out, and no Dominion accepted. A resolution of appreciation of the British Government's efforts for peace was passed.

### III. *Under the Covenant of the League:*

It is clear the Covenant imposes no obligations unless an act of war is committed. Leaving aside the question of what force the undertakings of Article XVI retain today, it may be noted that (1) the Treaty of Locarno would not have been required if the Covenant already provided a guarantee, (2) Article 8 of the Treaty provides it shall lapse when the Council decides that the League of Nations affords sufficient protection, and (3) if Canada was already bound by the Covenant on the Western boundaries of Germany, Britain was equally bound on the eastern boundaries; she vigorously refused to be so bound. If the Covenant already involved the pledge in one case, it did in the other. The plain fact was that the pledge involved fresh obligations in either case and Britain considered she had an interest in incurring them in the case of France 30 miles away and not in the case of Poland 600 miles away. (Canada 3,000 miles away).

Recently an attempt has been made by France to claim that the members of the League are bound to intervene by a resolution of the Council of the League in April, 1933. Following the denunciation by Germany of the provisions of the Treaty of Versailles against conscription, and the conversations between Britain, France and Italy at Stresa, France succeeded in having the Council on April 17 pass the following resolution, Denmark abstaining:

The Council . . .

3. Considering that the unilateral repudiation of international obligations may endanger the very existence of the League of Nations as an organization for maintaining peace and promoting security, decides that such repudiation, without prejudice to the application of measures already provided in international agreements, should, in the event of its having a relation to undertakings concerning the security of peoples and the maintenance of the peace of Europe, bring into play all appropriate measures on the part of the members of the League and within the framework of the Covenant;

The Council decides that a committee shall be appointed to propose for this purpose measures to render the covenant more effective in the organization of collective security, and to define the particular economic and financial measures which might be applied, should, in the future, a State, whether a member of the League of Nations or not, endanger peace by unilateral repudiation of its international obligations.

Canada was nominated a member of the Committee by the Council; immediate inquiry was made as to the implications of serving on the Committee, but before a reply was sent, the Council publicly included Canada with other countries in the list invited to serve on the Committee. The Canadian Government were very reluctant to accept membership, one reason being as indicated in telegrams to Geneva and London, apprehension that the resolution might be taken to imply that "repudiation of a treaty obliga-

tion without recourse to war involved application of sanctions by members of the League: as at present advised and with due respect to Simon's opinion that no new obligations were involved, we cannot agree that the Covenant provides for application of sanctions in any other case than that of recourse to war by a member of the League in disregard of its covenants under Articles 12, 13 or 15 and the parallel provisions of Article 17.\*" It finally decided, as the lesser evil, to accept, with definite reservations, as follows:

As regards the establishment of a Committee to consider the applicability of economic and financial sanctions in future cases of repudiation of international obligations having a relation to undertakings concerning the security of peoples and the maintenance of the peace of Europe, the Canadian Government recognizes the importance of the problem and the desirability of full consideration of the implications of the adoption of the policy proposed by the Council. The Canadian Government is therefore prepared to accept membership on the Committee. In view, however, of the possibility of its participation in the work of the Committee being interpreted as involving acceptance of the view that under the Covenant of the League repudiation of such international obligations without recourse to war calls for the application of sanctions by League members or that the adoption of such a policy is necessarily feasible and desirable, Canadian Government wishes to make it clear that its participation does not imply acceptance on its part of such an interpretation of the Covenant and that it considers that any proposals for the applicability of sanctions in such a case should be considered in the Committee on their merits. (Telegram April 27, communicated to the League and made public in May).

In the Committee, France contended that under Article XI of the Covenant it was the League's duty to take measures effectively to safeguard the world's peace; the Council therefore as a representative organ of the League had power to take action, i.e., to recommend that members of the League should take certain measures to safeguard international peace. We refused to accept this view, and stated so emphatically. (See telegram No. 28 of May 26).

France will doubtless to [*sic*] seek to revive this contention, but it is equally beyond doubt it is untenable and unwarranted. If Britain is led, in spite of her government's strong reluctance, to agree to making war on Germany for her present action, or imposing economic sanctions upon, she might support the French interpretation, in order to bring in the Dominions and other members of the League not parties to Locarno, but no matter whether made by France or by Britain no such obligation exists or was ever claimed to exist before Stresa, and incidentally was rejected by the late Canadian Government.

If war breaks out, a different situation will arise. If France makes war on Germany, she will claim to be acting under the reservation of the Treaty of Locarno, and while the bearing of this upon the Covenant is more than dubious, doubtless there will be no practical question of sanctions being applied against her. If Germany makes war on France or Belgium, in disregard of the provisions of Article XVII of the Covenant, then "the provi-

\*Telegram to Geneva, April 20th.

sions of Article XVI shall be applicable." The question will then arise more seriously than in the case of Italy what force Article XVI really has, but that question has not yet risen and is not likely to arise in the near future.

#### IV. *Position as a Member of the British Commonwealth of Nations.*

The only possible real obligation to action by Canada in the event of Britain going to war against Germany for reoccupying the Rhineland, under her Locarno undertakings, lies in our membership of the Commonwealth. It is the old and at present insoluble question whether when Britain is at war, Canada is at war. The present British Commonwealth relationship is an admirable peace-time solution; the war-time situation has not yet been solved or frankly faced. If it is contended that we are obliged to go to war, that means that Britain really considered in 1925 that Article 9 of Locarno was a sham. That consideration, however, would not prevent a wide cleavage of opinion in Canada, though a cleavage with quite different proportions from those that would have existed 20 or 10 years ago. It is still to be hoped that Britain will seek a solution that will avoid war for her, and avert the possibility of wrecking Canada to aid France and Russia in a preventive war against Germany (and possibly Japan and Italy).

741.

*Le ministre en France au sous-secrétaire d'État aux Affaires extérieures*  
*Minister in France to Under-Secretary of State for External Affairs*

Paris, March 11, 1936

My dear Doctor Skelton,

I am sending you further information obtained from unofficial sources, like the Agence Havas, concerning the present international crisis.

I am told that the French will show a great firmness in the course of the conversations to take place in London. They have no illusion as far as restoring the demilitarized zone is concerned, but their pression [*sic*] is intended to obtain military plans of cooperation established between the staffs of the Locarno powers in order to check any further action on the part of Germany.

I am also informed that at the meeting of yesterday, at the Quai d'Orsay, Lord Halifax was greatly impressed by the exposé made by Mr. Flandin, saying that according to information furnished by the French military authorities, Germany is not only making a symbolic reoccupation of the "demilitarized zone" but is massing troops as in period of mobilization.

This fact is said to have contributed in the decision to pursue the present conversations in London.

Yours very sincerely,

PHILIPPE ROY

742.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général d'Allemagne*

*Under-Secretary of State for External Affairs  
to German Consul General*

TELEGRAM

Ottawa, March 12, 1936

Attention has been called to announcement stated to have been made by you yesterday regarding conscription of German citizens living in Canada and invitation to Germans who have become naturalized British subjects to enlist in German military forces. I should be obliged if you could let me know immediately exact statement or statements which you have made on this subject.

O. D. SKELTON

743.

*Le consul général d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*German Consul General to Under-Secretary of State  
for External Affairs*

Montreal, March 12, 1936

Dear Dr. Skelton,

I beg to refer to your telegram of March 12th, and to enclose copy of the statement which I have given to Canadian newspapers yesterday.

As you will see from the first paragraph, this statement refers exclusively to German nationals. It establishes expressly that nationalized British subjects are not affected by the German law. The German law contains provisions as to the conscription and as to voluntary enlistment. Paragraphs 2, 3 and 4 of the statement deal with the classes of German nationals who will be conscripted in 1936, whilst paragraph 5 refers to those German nationals who desire to volunteer for service.

I think the statement makes it quite clear that there is no invitation to Germans who have become naturalized British subjects to enlist in German military forces.

Yours sincerely,

L. KEMPF

[PIÈCE JOINTE/ENCLOSURE]

*Déclaration du consul général d'Allemagne donnée aux journaux canadiens*

*Statement by German Consul General given to Canadian newspapers*

[Montreal, March 11, 1936]

All German citizens living in Canada and Newfoundland are to be conscripted for possible service in the German army. Those Germans who have



become naturalized British subjects are not affected by the German law. For under the Act of July 22nd, 1913, a German citizen, who acquires voluntarily another nationality, loses—as a matter of principle—his German citizenship.

In 1936 all male German nationals in Canada and Newfoundland, who were born in 1914, 1915, and 1916, are being called up for active military service, the class of 1916 first for the Reich Labor Service.

These three classes have to report immediately, until March 31st at the latest, to the competent German consular authorities. Those living in the provinces of Ontario, Quebec, the Maritimes, the Yukon, the Northwest Territories and in Newfoundland have to report to the Consulate General at Montreal, those living in the Western Provinces to the German Consulate at Winnipeg, by means of a form provided for the purpose.

The classes of 1914, 1915 and 1916 have to procure these forms from the above consular offices; applications should be accompanied by return postage. Applications for temporary exemption are to be filed together with the report. Failure to report is punishable.

Those desiring to volunteer for service, belonging to the classes 1911-1915, can apply for enlistment as from October 1st, 1936, and the classes of 1912-1919 as from October 1st, 1937. Such volunteers may apply to the above consular authorities for further particulars.

744.

*Mé morandum* <sup>1</sup>

*Memorandum* <sup>1</sup>

March 13, 1936

NOTE CONCERNING ACTION OF GERMAN CONSUL GENERAL

1. By telegram dated the 12th March, the German Consul General was asked for his exact statement made to the press with regard to recruiting in Canada. By letter of the same date, the German Consul General communicated to Dr. Skelton the text of the press statement.

2. It is clear from the text of the statement given to the press, that the German Consul General did not deal with the voluntary enlistment of persons who were not German citizens. The text has no relation to naturalized British subjects of German origin.

3. On the other hand, in referring to the calling up of German citizens in Canada, the German Consul General makes the statement, "Failure to report is punishable". This is in accord with the "Montreal Gazette's" version of his verbal statement, which uses the words: "Yes, I guess they will be compelled to go".

<sup>1</sup> De/by J. E. Read.

It is submitted that it is entirely improper for any foreign consular officer to make such an equivocal reference to the exercise of compulsion. It would be difficult to justify any reference to compulsion; but, when the reference is so vague that it does not specifically restrict the possibility of compulsion penalties outside of Canada, it is most improper.

Consequently, it is submitted that a further communication should be sent to the German Consul General.

With regard to the communication, this does not seem to be a case for a reprimand. It seems rather a case for pointing out to the Consul General, in a reasonable manner, that the Government objects to any references in Canada by foreign consuls to the imposition of penalties for failure to respond to such a call to the colours. The consular activities should be limited to the communication of the call, and no threats should be made in Canada by any agent of the foreign government . . . .

745.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 89

London, March 13, 1936

IMMEDIATE. MOST SECRET. I am only now in position to give appreciation of situation here. I feel strongly that there is a tendency here to accept French view that condemnation of Germany is not sufficient and that some further German conciliatory action is necessary as a prelude to negotiations more particularly the withdrawal of German forces in whole or in part from the Rhineland. This tendency has disclosed itself in a disposition on the part of certain Ministers to accept legalistic and French-inspired interpretations of Locarno obligations with all that this implies and in House of Commons by a movement led by Austen Chamberlain, Churchill and Amery, firmly to support French. This development which has, of course, far-reaching and dangerous implications is encouraged to some extent by the traditional view that Great Britain must never default on her obligations; secondly, by a feeling that failure to support French now means end of collective system and, thirdly, by impatience at Germany's refusal to take any action which would make it easier for Great Britain to bring German and French together for negotiations. I feel strongly that I should be in a position to state to British Ministers the Canadian attitude at this time and that such expression would be most useful as an encouragement to moderate opinion in Cabinet. Do you feel that it would be useful if in answer to a question in our House of Commons a statement giving Canadian view could be made? Do not wish to exaggerate dangers of situation, but I think it would be unwise not to take into account for the present trend of developments. Public opinion here is of course very calm on issue. Extremists represented by "Daily Mail" and

"Herald" are both opposed to any rash policy and are suspicious of French point of view but centre of opinion in last few days has tended to emphasize French case rather than German and appears to be at the moment more concerned with condemnation of Germany than possibility of negotiations. Ends.

MASSEY

746.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

PARAPHRASE OF TELEGRAM 63

Ottawa, March 14, 1936

IMMEDIATE. MOST SECRET. Your telegram of the 13th March, No. 89, regarding Rhineland situation.

1. My colleagues and I very strongly of opinion that any important communication between British Government and Canadian Government should be direct in form of communication from Prime Minister to Prime Minister or between Secretary of State for Dominions and Secretary of State for External Affairs as has been customary in past and should not be through High Commissioner. This is the only way in which we can possibly have opportunity required collectively to consider and state attitude and policy and which will ensure full responsibility of British as well as Canadian Government with respect to any statements of policy or position and avoid all possibility of misunderstanding as to what has been said or meant in any verbal communication.

2. Regarding your enquiry whether question in House of Commons eliciting Canadian view might not be useful, such a course would in our opinion only serve to provoke controversy from one end of Canada to the other. Our task in interest alike of Empire and of Canada is to keep Canada united. We believe this can best be done by avoiding insofar as may be possible any premature statement with respect to a situation arising out of the Locarno treaty.

3. As Canada definitely declined to become a party to the Locarno Treaty of mutual guarantee, we consider it would be inappropriate to seek to advise United Kingdom Government as to interpretation to be made of its provisions under the present circumstances.

4. I would say, for your own information, that view of Canadian Government is that we clearly have no obligation under Locarno and that we concur in the view of Mr. Bennett's Government expressed last year that no obligation can be based on Article 11 of Covenant. Independently of treaty obligations we do not consider that Canadian Parliament or public opinion would in existing circumstances support any proposal of Canadian participation in European conflict. Message ends.

747.

*Le premier ministre de l'Afrique du Sud au secrétaire d'État  
aux Affaires extérieures*

*South African Prime Minister to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM

Capetown, March 14, 1936

Following telegram which was sent by His Majesty's Government in Union South Africa to their High Commissioner in London for communication to His Majesty's Government in United Kingdom is sent for the information of your Prime Minister.

Your telegram No. 333 of 10th instant regarding international situation in Europe, and subsequent telephone message.

In the view of the Union Government the international atmosphere in EUROPE is poisoned on the one hand by the unequal terms imposed on Germany by the Treaty of Versailles and by their continuance, as in one-sided demilitarization of German territory and, on the other hand, by French fear and distrust of Germany and demand for security. The French policy has therefore obstinately relieved [sic] on the letter of the bona fides and has missed a valuable opportunity of a new settlement by agreement and as a final result the Franco-Russian pact which is well calculated to inflame German fear of encirclement and to afford a plausible pretext for violation of Treaty of Locarno agreement. German action in this respect cannot be sufficiently deplored but provocation is undeniable and has to be taken into account in any judgment on Germany. Meanwhile, tension in Europe is growing and risk of a general cataclysm grave. We are convinced that European appeasement can be achieved only by negotiation of fresh settlement in substitution for that which has broken down. It is futile and dangerous to hope (?) for a solution on the basis of legal texts and arguments, or of threats of sanctions and force, and we, therefore, deeply regret attitude of M. Flandin at meeting March 10th in Paris. In this connection we consider his proposal to buy Italian co-operation by abandonment of sanctions policy of League of Nations as stultifying and subversive of whole League system and as sufficient condemnation of his (her) policy. We feel this is psychological moment for facing courageously real causes of existing tension and the United Kingdom should place whole force of her influence behind effort to seek and effect a new settlement.

In particular we consider German offer of an Air Pact and of a twenty-five year non-aggression pact in west as deserving of consideration as a basis for such a settlement and as being in some respects better security for peace than defunct Locarno pact. M. Flandin's sanctions policy appears to us more likely to lead to war than to settlement, a war, too, which might well prove fatal to all our hopes for the future.

We are profoundly convinced that European order can at this grave juncture be saved only by courageous leadership of His Majesty's Government in the United Kingdom. The moment seems to have come for them to take a strong independent line in the interest of peace and to dissociate themselves from panic policies which are leading to continued unrest and ruin in Europe. We welcome pacific declaration of Baldwin and Secretary of State for Foreign Affairs in House of Commons, and we assure His Majesty's Government in the United Kingdom of our full support in furtherance of policy of re-building European peace on a more durable basis of consent and agreement. End of message.

748.

*Le premier ministre de l'Afrique du Sud au secrétaire d'État  
aux Affaires extérieures*

*South African Prime Minister to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM

Capetown, March 14, 1936

My Government has sent the following further telegram to Union High Commissioner in London in connection with possibility of United Kingdom, under pressure from France, adopting policy which would likely ultimately lead to war. Begins:

No. 323. Your very grave view of political situation as conveyed in your telegram last night is a very great surprise to us and if it should prove to be correct will shake Commonwealth to its foundation. Are therefore reluctant to think your conclusions are well-founded but nevertheless desire you to impress on His Majesty's Government in United Kingdom the very grave consequences of any participation by Great Britain in a war which Union for reasons already generally indicated in previous communication could not possibly otherwise than condemn in strong terms and from which it would feel itself bound to withhold any support.

We take most serious view of situation and ask you to stress following further considerations before His Majesty's Government in United Kingdom.

Normal question of Great Britain's loyalty to Locarno agreement. Real motive and object of that agreement was to prevent German attack on France and Germany's reoccupation of demilitarized zone in that connection. In view of known fact and Germany's offer of Air Pact and twenty-five years peace to France can it be fairly said an attack on France was intended and that zone was reoccupied for that purpose.

Will world believe that Germany's ill advised action amounts to flagrant aggression.

On contrary military sanctions against Germany and actual invasion of her territory would make invaders real aggressors and create revulsion of feeling in favour of Germany.

In such an overwhelming calamity as European war mere technical breaches will carry no weight and public opinion of world will turn against those who are ready for invasion of Germany's territory while she has not invaded French territory.

Germany's fear of encirclement under Franco-Russian Pact has also to be taken into account for its effect on world opinion especially in United States of America.

Government of the Union of South Africa cannot but express its very strongest disapproval of France's attitude and its insistence on war in spite of Germany's offer of peace and assurance of absence from any further acts that might have appearance of hostilities for France under such circumstances to declare war upon Germany for no other reason than because latter has taken military occupation of German territory of which she has otherwise already been in full possession cannot be interpreted other than as an inexcusable act of aggression and will be so interpreted here. If France is to be supported in this attitude by Great Britain and war declared on Germany, League of Nations and high ideals of peace, for which she was said to be instituted, become a mere farce. After that the League of Nations cannot survive and the world will cease any longer to have faith in any attempt at lasting WORLD peace.

France's attitude is all the more reprehensible and inexcusable because of her own conduct against Germany both with regard to the failure to comply with the terms concerning disarmament and her entering into the Franco-Russian Pact.

In both of these matters the conduct of France cannot be said to be in any way less provocative of bad feeling than Germany's entering into the Rhineland to assert her sovereignty, and in the latter case, i.e., Soviet Pact, it cannot be denied that Germany has every right to interpret the action of France as no less than an attempt to profit by the Treaty of Locarno in a manner contrary to good faith and contrary to the purpose it was intended to serve when entered into, viz., to be a guarantee of friendship and peaceful intention, and not, as in the case of the Soviet Pact, a hostile manoeuvring for a place of vantage. In the view of the Union Government the conduct of France ever since Versailles has certainly not contributed less to the present European situation than has that of Germany, with this difference that on France as the conqueror and dictator of the terms of the Treaty of Versailles there rested the very greatest responsibility for a faithful and exact performance of the duties and undertakings contained in that document, a responsibility which in the view of the Government of the Union of South Africa has not been complied with in a manner entitling France to support in her present intention to proceed to war.

Above all we repeat in what Germany has done the world will see no justification for such an extreme step as unloosening [*sic*] the dogs of war.

Her method of asserting her equality should not be allowed to bring ruin on Europe. In any case if Great Britain cannot restrain others she can at least keep out of this fatal mischief and decline to share the terrible responsibility before the world.

We feel that the world must move away from Versailles and not back to its fatal European cleavage. Besides the moral duty to save the world from war and to build up a peaceful world order, transcends in our view all others and calls for supreme efforts at this fateful moment.

Please assure His Majesty's Government in the United Kingdom that in speaking thus bluntly we are actuated by the deepest good will and sympathy toward them in their difficulty.

749.

*Le premier ministre de Nouvelle-Zélande au secrétaire d'État  
aux Affaires extérieures*

*New Zealand Prime Minister to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM

Wellington, March 16, 1936

SECRET. I append hereto, for your information, a copy of a telegram being forwarded today to the Secretary of State for Dominion Affairs with reference to international situation, Begins:

His Majesty's Government in New Zealand warmly appreciate information that has been conveyed to them with reference to international situation and entirely concur in attitude of restraint which, according to the Secretary of State's telegrams, is being adopted by United Kingdom Government.

His Majesty's Government in New Zealand think that it might be useful if British and Australian representatives at Council meeting could be informed that New Zealand Government, while entirely appreciating necessity for ending progressive deterioration in value of international engagements, and while realizing that neither United Kingdom nor any member of British Commonwealth of Nations can possibly ignore Treaty obligations, nevertheless urge necessity for consideration of every possible step that can be taken, without prejudice to those principles, to avoid plunging world into chaos, and I should be grateful for telegraphic intimation of views of His Majesty's Government in Canada. Similar communication is being addressed to Prime Minister at Canberra and to Ministers of External Affairs at Dublin and Capetown. Message ends.

SAVAGE

750.

*Le secrétaire d'État aux Affaires extérieures  
au ministre des Affaires extérieures de l'Afrique du Sud<sup>1</sup>  
Secretary of State for External Affairs  
to South African Minister of External Affairs<sup>1</sup>*

PARAPHRASE OF TELEGRAM 1

Ottawa, March 17, 1936

SECRET. Your telegrams of the 14th March regarding Rhineland dispute received.

1. His Majesty's Government in Canada highly appreciate communication of your views.

2. As Canada definitely declined to accede to Locarno Treaty, we have not felt warranted in indicating to United Kingdom what interpretation under present circumstances should be made of its obligations as a signatory.

3. With regard to M. Flandin's contention that under Council resolution of April, 1935, members of League would be obliged to apply economic sanctions to Germany if held to have repudiated treaty obligations, we concur in position of preceding Government which rejected emphatically view that Covenant involved any obligation to enforce sanctions for treaty repudiation without recourse to war or that Council had power to impose it. (See Secretary-General's communication to League, May 4th, 1935, regarding Canadian membership in Committee of Thirteen). Message ends.

751.

*Mémorandum<sup>2</sup>  
Memorandum<sup>2</sup>*

March 18, 1936

MILITARY SERVICE OF GERMAN NATIONALS RESIDING IN CANADA

The German Consul-General, Mr. Kempff, called today and referred to the above question.

I told him it was particularly unfortunate that a call to the German colours had been issued in the midst of the crisis created by German repudiation of the demilitarized zone obligations. He agreed, but said this had been forced on him by the press. The German Consul-General in New York had made a statement as to those German nationals resident in the United States who

<sup>1</sup> Des télégrammes semblables furent expédiés au premier ministre de Nouvelle-Zélande, au secrétaire aux Dominions.

Similar message sent to New Zealand Prime Minister, Dominions Secretary.

<sup>2</sup> De/by O. D. Skelton.



would be required to report for military service, and a number of Canadian newspapers and press agencies had at once asked him what the facts were as to Canada. Mr. Kempff said he had not previously proposed to give general publicity to the call for service, which had only been issued on the 31st January and had reached him a short time previously. He had had in mind bringing it to the attention of the German language newspapers, particularly in the West, and of various German societies. In view, however, of specific enquiries from the press as to whether the regulation applied to naturalized Germans, he felt it desirable to make public the detailed provisions of the German law in order to make clear that it applied only to German nationals. With regard to his reference to penalties provided by the German law, he had not thought there could be any ambiguity on that question, as anyone familiar with the practice would know that his reference could only be to penalties which the Military Service Law of Germany, like that of other countries, provided in the event of return to Germany.

I told Mr. Kempff that we would have to reserve consideration of the bearing of the Treaty of Versailles provisions against conscription. While Germany had repudiated these provisions a year ago and while the Canadian Government had not taken any stand on the matter, the whole question of their bearing would have to be considered from the Canadian point of view. In addition to this specific German phase of the question, the whole subject of the bearing of the military service laws of Europe and other countries upon Canadian citizenship, domicile, etc., would have to be looked into.

Mr. Kempff stated that he had been discussing with the Department of Immigration this morning the question whether domicile was lost or prejudiced by German nationals or naturalized Germans if they returned to Germany for military service. He informed me that Mr. Blair had set forth the general rules as to retention of domicile, but had added that their application to persons returning for military service had hitherto been dealt with individually, and that no general principle had been laid down. Mr. Kempff said he would like to know what the policy of the Canadian Government was. I told him this would be looked into.

With regard to the question of the application of the military service laws to Germans naturalized in Canada, he stated that their law, like that of various other countries, considered German nationals who had been naturalized abroad without fulfilling military service, as being still German nationals and subject to such service. He had, however, been instructed to grant exemption in the case of persons who had been naturalized in Canada. He was also authorized to grant exemption in certain other cases, as for example, if the retention of employment would be jeopardized by absence. These provisions were subject to review at a later stage, however.

I told Mr. Kempff that a number of aspects of the question were under consideration, and that it might be found necessary to bring some phases to his attention shortly.

752.

*Le haut commissariat de Grande-Bretagne au ministère des Affaires extérieures*  
*British High Commission to Department of External Affairs*

Ottawa, April 21, 1936

CONFIDENTIAL

Dear John [Read],

I have now had a reply from London to the informal enquiries which I made as to what action has been, or could be, taken by the United Kingdom Government to prevent military recruiting in the United Kingdom by representatives of foreign governments in cases not covered by the Foreign Enlistment Act of 1870.

I am told that our officials do not know of any statutory provision for the prohibition of such recruiting and that the question whether action would be taken by the United Kingdom in circumstances such as those described by Mr. King in the House of Commons on the 13th March would depend on various considerations. If, for instance, there were evidence that a German Consul in the United Kingdom were engaged in a systematic canvass of German citizens, and particularly if any form of pressure were used to induce such individuals to return to Germany for military service, it would be necessary to consider whether such activities should not be the subject of protest as being inconsistent with the proper functions of a Consul.

Whilst it is not altogether clear from the Prime Minister's statement of the 13th March whether the German Consul-General excludes from his activities all individuals who possess status as British subjects and/or Canadian citizens, whatever the manner in which such status has been acquired, e.g. such cases as those referred to by Mr. Cahan, the view taken in London is that if activities in this direction of a foreign representative in the United Kingdom extended to any British subject, the matter would be regarded as more serious; and it would no doubt be represented that the United Kingdom Government could not tolerate any action which would, in effect, be an attempt to seduce from their allegiance British subjects residing in British territory.

It is felt that the fact that some of the British subjects concerned might also be nationals of the recruiting state would not appear to alter the position materially so far as the United Kingdom Government were concerned.

As regards the question of recruitment activities by an Italian Government representative, our people draw my attention to the fact that under Section 4 of the Foreign Enlistment Act, it is an offence for any person to induce any other person to accept a commission or engagement in the military or naval services of a foreign state which is at war with a friendly state. Having regard to this provision, it would appear that whilst the Italian Government

is at war with Abyssinia, recruitment by an Italian representative for service in the Italian forces would be contrary to the provisions of the Act whatever the nationality of the person whom he endeavoured to enlist.

I hope that the foregoing views may be of some use. Please let me know if there is any further information about the situation in the United Kingdom in this connection which you would like me to obtain.

Yours sincerely,

NORMAN E. ARCHER

PARTIE 3 / PART 3

ESPAGNE<sup>1</sup>

SPAIN<sup>1</sup>

753.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 124

London, July 23, 1936

CONFIDENTIAL. Following for your Prime Minister, Begins: Military rebellion in Spain. Stoppage of communication with most parts of Spain, including San Sebastian, where His Majesty's Ambassador now is, renders it extremely difficult to obtain reliable information. There seems, however, to be little doubt that the fighting is widespread and that the issue of the struggle between the rebel military forces and the Government forces is still uncertain. Reports from the Acting British Consul General at Barcelona, where the Government forces have suppressed the rebels, show that the situation is critical, inasmuch as the Government appears to be at the mercy of the armed workers. Situation at other ports also to be full of dangerous possibilities though no British casualties have so far been reported.

In view of the danger to British life and property in the affected area British men-of-war have been sent to Malaga, Vigo, Barcelona, Palma, Corunna, Teneriffe, Valencia, Ferrol, Alicante and Almeria. A British warship is also being despatched to San Sebastian as a means of communication with His Majesty's Ambassador from whom nothing has been received for over 48 hours.

<sup>1</sup> Pour plus amples renseignements concernant l'Espagne voir chapitre VII, les doc.: 908, 909, 910, 912, 908, 909, 910, 912, 914, 917, 919, 920, 914, 917, 919, 920, 922, 925, 927, 937, 922, 925, 927, 937, 938, 941, 942, 943, 938, 941, 942, 943, 948, 951, 958, 961, 948, 951, 958, 961, 966, 972.

<sup>1</sup> For further information concerning Spain see Chapter VII, docs.: 908, 909, 910, 912, 914, 917, 919, 920, 922, 925, 927, 937, 938, 941, 942, 943, 948, 951, 958, 961, 966, 972.

754.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 135

London, August 5, 1936

CONFIDENTIAL. Following for your Prime Minister, Begins: My telegram of the 23rd July, Circular B. 124. What started as a military rebellion has now developed into a civil war which is being marked by savagery on both sides and of which there are yet no signs of a decision. The rebels have announced the formation of a Government at Burgos in Northern Spain and their forces have gained control of Huelva in the South West. On the other hand, the advance of rebels on Madrid appears to have been held up and Government forces there claim to be in possession of communications with Valencia and Alicante on the coast.

Since the despatch of my Circular under reference, His Majesty's ships and other foreign men-of-war have been evacuating British and other foreign nationals from Spanish ports and evacuation of foreigners from Madrid via Valencia is now in progress. It seems likely that there will shortly be left in Spain and in particular at Barcelona only such foreign nationals as are essential to the defence of interests they represent.

The struggle between military and Government is becoming a struggle between Fascism and Communism and there are signs that even if struggle were to result in a victory for Moderate Left Parties composing the Government, these would be submerged by Anarco-Syndicalists and Communists to whom they would have largely owed their victory.

755.

*Le secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs*  
*to High Commissioner in Britain*

TELEGRAM 280

Ottawa, August 18, 1936

In view of Spanish civil conflict we are considering what principles should govern our attitude and what non-intervention action if any may become necessary or appropriate, such as action regarding (1) arms and munitions shipments, (2) enlistments, (3) transmission of funds, (4) propaganda and transmission of inflammatory expressions of opinion. Though these items remain negligible here, we should appreciate at early date any information you could furnish as to attitude and action contemplated by United Kingdom Government along these lines.

756.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

August 19, 1936

## CIVIL CONFLICT IN SPAIN: NON-INTERVENTION: PRELIMINARY NOTES

In ordinary times and conditions, an insurgency in one State presents no great dilemma to foreign States. The selling of supplies, the transmission of funds, to the legitimate Government are entirely admissible; while the granting of foreign state assistance to the insurgents in spite of being at peace with the legitimate government would be in international custom a wrong.

In the present extraordinary conditions, wider considerations enter to govern policy. The French Government are promoting a non-intervention policy. This, if adopted and carried out, would mean they had denied themselves their ordinary right to assist the existing Madrid Government. Possibly they calculate that, on balance, in this case it would be worth more to French interests to prevent, if possible, German and Italian assistance to the insurgents than it would be to exercise the ordinary right to help Madrid. Such a policy if adopted by the Powers generally might in the long run favour the Madrid forces. But apart from such calculations as to the result inside Spain, a general policy of non-intervention, if it could be carried out, would presumably be more likely to prevent incidents and passions not only in Germany and Italy but in France itself, which if unchecked might precipitate a wider conflict in which France would be surrounded by enemies.

The non-intervention policy if generally adopted would be tantamount, to a considerable extent, to a recognition of both sides in Spain as belligerents.

As regards Canada's course at the moment various broad questions seem to arise: whether we can not for the present regard the matter as a European affair; whether we need definitely consider, on our own initiative, taking any specific action or whether we should await the results of the initiative now being taken by European Great Powers; whether we should informally consult Washington as to its views.

If it should become expedient for Canada to take and carry out a definite line, practical problems might arise, concerned, for example, with the prevention of—

- (1) Shipment of arms, munitions, etc.
- (2) Enlistments in Canada.
- (3) Transmission of funds.
- (4) Propaganda and transmission of expression of inflammatory opinion.

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<sup>1</sup> De/by L. C. Christie.

## LEGAL AUTHORITY:

As to (1), Section 290 of the Customs Act was held wide enough in the Italian "sanctions" case to cover the five categories of the Co-ordination Committee's Proposal I—a very wide list: (i) rifles, machine guns, guns, ammunition, grenades, tanks, etc.; (ii) war vessels; (iii) aircraft and parts and aircraft engines, etc.; (iv) revolvers etc.; (v) flame throwers, mustard gas, powder, etc. (Proclamation of Oct. 31/36 [sic]).

As to (2), the Foreign Enlistment Act, 1870, operates against enlistments, or providing or outfitting ships or expeditions for use "in the military or naval service of any foreign state at war with any foreign state at peace with His Majesty". Legally, whether this could be invoked would depend upon whether our executive policy amounted to recognising both sides as belligerents. Enlistments might not amount to much in any case. Outfitting cases, if they arose, might be dealt with under Section 290 of the Customs Act.

As to (3), if the transmission of funds should begin to reach any magnitude, the co-operation of the banks and other financial houses might be sought, pending further legislation.

As to (4), inflammatory utterances, unless provocative of actual breaches of the peace in Canada, seem also for study in relation to future legislation.

For future legislation, one device to be considered would be that of power to set up, for arms, etc., shipments, an export licensing system, dependent on the definite consent, for each individual shipment, of the Government of the importing country. This is the permanent feature of the U.S. neutrality legislation, and it is not dependent on the existence of war or any other international status.

757.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 351

London, September 11, 1936

MOST IMMEDIATE. CONFIDENTIAL. Your telegram No. 291, September 10th.<sup>1</sup> Following is summary of British Government's action:

- (a) Exports of arms prohibited;
- (b) No aircraft permitted to clear for Spain and if clearing for other ports when suspected ultimate destination Spain no clearance given until definite understanding with Government of intermediate port regarding responsibility;
- (c) Contemplates obliging manufacturers of gas and chemicals submit to War Office orders for shipment abroad;

<sup>1</sup> Non reproduit/not printed.

(d) Prohibition of export of transport vehicles limited to such as definitely classed as military stores;

(e) No prohibition exists on warships unless breach of Washington London Treaties by reason of excessive tonnage or gun calibre but special watch being kept on shipyards;

(f) No prohibition of oil;

(g) Previous regulations prohibit enlistments either side but under consideration as not clear if applicable present civil war;

(h) Public and private loans prohibited, but private subscriptions difficult prevent;

(i) No action taken so far prevent propaganda or inflammatory expressions of opinion.

758.

*Projet de rapport du comité interministériel<sup>1</sup>*  
*Draft Report of Interdepartmental Committee<sup>1</sup>*

Ottawa, January 19, 1937

...

FOREIGN ENLISTMENTS

13. Our only existing law on this subject is the United Kingdom Foreign Enlistment Act of 1870, which in the absence of Canadian legislation still remains as part of the law of Canada. It appears to be badly out-of-date and inadequate to meet modern conditions. For example—

(a) It leaves the Government powerless to deal satisfactorily with cases of civil conflicts, like the Spanish conflict, or cases of doubtful category, like the Manchurian case in 1931. (The Committee have some difficulty in understanding recent press despatches to the effect that the Foreign Enlistment Act is now in England held applicable to the Spanish case. Doubts were officially expressed there to the Canadian High Commissioner last fall, and, according to later press despatches, the recent opinion has been challenged by certain parliamentary groups.)

(b) It leaves the Government powerless to deal satisfactorily with cases of recruiting in Canada by foreign consuls such as have arisen in recent times.

(c) While it prohibits the outfitting of naval expeditions designed to participate in a conflict abroad, it does not extend to air expeditions.

(d) On general grounds, it seems an anachronism that Canada should be without her own legislation on a subject which, while always important, is nowadays assuming a greater and greater significance. The Committee believe that such new legislation is needed. They are unable, in the present state of the world, to declare that the matter is not urgent. They would submit the matter in this sense, and if the Government, upon consideration of its

<sup>1</sup> Affaires extérieures, Défense nationale, Revenu national (division des Douanes).  
External Affairs, National Defence, National Revenue (Customs Division).

whole legislative program, should consider such legislation immediately desirable, the Committee, upon receiving instructions, will be ready to prepare and submit a draft Bill. . . .<sup>1</sup>

759.

*Le sous-secrétaire d'État adjoint aux Affaires extérieures  
au directeur des Passeports*

*Assistant Under-Secretary of State for External Affairs  
to Passport Officer*

Ottawa, January 20, 1937

Dear Mr. Connolly,

With reference to your letters<sup>2</sup> of the 8th and 14th January, concerning some forty applications for passports from Calgary, Regina, Edmonton, Winnipeg and Vancouver, of which you feel suspicious, I return under separate cover the Passport Office Files on these cases (mentioned on the attached list).

The question of volunteers going to Spain from Canada is under consideration by the Department, but, meanwhile these passport applications should be dealt with regardless of that question. Care should be taken, as usual, to see to it that the applicants satisfy the requirements as to British nationality, the qualifications and knowledge of the vouchers, etc. It is not the practice to ask for the production of the birth certificates, but if you think there is sufficient justification for doing so, in the light of the replies that you are expecting and will receive in a number of these cases, it would be advisable to take that precaution.

Yours sincerely,

LAURENT BEAUDRY

760.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 32

London, March 26, 1937

CONFIDENTIAL. Following for your Prime Minister, Begins: My telegram of the 19th March, Circular B. 29.<sup>2</sup>

After consultation with His Majesty's Ambassador in Spain, His Majesty's Government in the United Kingdom have decided to postpone indefinitely further consideration of question of appointing an agent to General Franco.

<sup>1</sup> *La Loi sur l'enrôlement à l'étranger, 1937* reçut la sanction royale le 10 avril 1937.  
The *Foreign Enlistment Act, 1937* received the Royal Assent, April 10, 1937.

<sup>2</sup> Non reproduits/not printed.



The existing contact with General Franco will be maintained through the medium of Commercial Secretary who will be more continuously established at Burgos than in the past.

761.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 43

Paris, May 1, 1937

IMMEDIATE. According to Non-Intervention Agreement, foreigners going to Spain via France must obtain visa from French authorities on recommendation from Diplomatic or Consular representative of their country in France.

762.

*Le secrétaire d'État par intérim aux Affaires extérieures*  
*au ministre en France*  
*Acting Secretary of State for External Affairs*  
*to Minister in France*

DESPATCH 61

Ottawa, June 5, 1937

CONFIDENTIAL

Sir,

I have the honour to refer to your telegram No. 43 of May 1st, in which it is stated that, according to the Non-Intervention Agreement, foreigners going to Spain via France must obtain a visa from the French authorities and that these visas are granted only on the recommendation of Diplomatic or Consular representatives of their country in France.

In view of the number of requests which have been received for recommendations for visas to visit Spain and the likelihood of the continuance or, indeed, the increase of such requests, it would seem desirable to secure further information on the subject. I should be grateful, therefore, if you could let me have a copy of the text of the Non-Intervention Agreement in which it is provided that foreigners going to Spain via France must obtain a visa from the French authorities, together with any information you may be able to obtain as to the working of this arrangement, and particularly, whether it is applied to nationals of other countries, including nationals of the United States of America. It is not desired, of course, to raise the matter formally at this stage. Any information you could secure informally, however, as to the working of the above mentioned aspects of this arrangement would be appreciated.

I have etc.

SCOTT MACDONALD for the . . .

763.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

DESPATCH 266

Paris, July 9, 1937

CONFIDENTIAL

Sir,

I have the honour to acknowledge receipt of your despatch No. 61, dated June 5th, 1937, concerning the formalities required for the entry of foreigners into Spain, via France.

We approached the French Government to obtain any text available on the matter, but owing to the instability of the Non-Intervention Agreement, I wonder whether they will be in a position to give any further information for the time being, except that foreigners crossing the Franco-Spanish border, must obtain from the diplomatic services of their country in France, a document certifying that they are bona fide visitors to Spain and in no way interested in the importation of war material.

I have etc.

PHILIPPE ROY

764.

*Décret du Conseil*  
*Order in Council*

P.C. 1837

July 30, 1937

WHEREAS under Section 19 of the Foreign Enlistment Act, 1937, as enacted by Chapter 32 of the Statutes of 1937, it is provided that the Governor in Council may from time to time by order or regulation provide for the application of the provisions of the Act with necessary modifications to any case in which there is a state of armed conflict, civil or otherwise, either within a foreign country or between foreign countries;

AND WHEREAS the Secretary of State for External Affairs reports that it is considered desirable to apply the provisions of the said Act with necessary modifications to Spain, that is to say, the territories of the Peninsula, the Balearic Islands, the Canary Islands, and towns and territories under Spanish sovereignty in Africa, in which foreign country there now exists a state of armed conflict;

NOW THEREFORE, the Deputy of His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs, with the concurrence of the Minister of Justice, is pleased to Order and it is hereby ordered as follows:

(1) On and after the 31st day of July, 1937, the provisions of the Foreign Enlistment Act 1937, shall apply to the case of the armed conflict in Spain, that is to say, the territories of the Peninsula, the Balearic Islands, the Canary Islands, and towns and territories under Spanish sovereignty in Africa.

(2) In the application of the provisions of sections 3, 4, 5, 7, 8 and 9 of the said Act the words 'engaged in the civil conflict in Spain' are hereby substituted, as on and from the above date, for the words 'of any foreign state at war with any friendly foreign state' or 'of any foreign state at war with a friendly state' or 'of any foreign state at war with any friendly state' wherever they appear in the said sections.

(3) In the application of the provisions of section 10 of the said Act the words 'for the purpose of taking part in the civil conflict in Spain' are hereby substituted, as on and from the above date, for the words 'to proceed against the dominions of any friendly state'.

E. J. LEMAIRE

765.

*Décret du Conseil*  
*Order in Council*

P.C. 1839

July 30, 1937

WHEREAS under Section 290 of the Customs Act, as enacted by Section 10 of Chapter 24 of the Statutes of 1937, it is provided that the Governor in Council may from time to time,—

prohibit, restrict or control the exportation, generally, or to any destination, directly or indirectly, or the carrying coastwise or by inland navigation, of arms, ammunition, implements or munitions of war, military, naval or air stores, or any articles deemed capable of being converted thereinto or made useful in the production thereof.

AND WHEREAS the Secretary of State for External Affairs reports that it is considered desirable, pending the settlement of the armed conflict in Spain, that steps be taken to prohibit the export from Canada, directly or indirectly, to any party in that conflict, of arms, war materials, aircraft, aircraft engines, separate parts thereof and munitions;

NOW, THEREFORE, the Deputy of His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs, with the concurrence of the Minister of Justice and the Minister of National Revenue, is pleased to order that the exportation, directly or indirectly, of any of the articles enumerated and described in the Annex hereto from

Canada to Spain, that is to say, the territories of the Peninsula, the Balearic Islands, the Canary Islands, and towns and territories under Spanish sovereignty in Africa, be and it is hereby prohibited.

This prohibition shall come into force on the 31st day of July, 1937.

E. J. LEMAIRE

[ANNEXE/ANNEX]

CATEGORY I

- (1) Rifles and carbines using ammunition in excess of calibre .22, and barrels for those weapons;
- (2) Machine guns, automatic or autoloading rifles, and machine pistols using ammunition in excess of calibre .22, and barrels for those weapons;
- (3) Guns, howitzers, and mortars of all calibres, their mountings and barrels;
- (4) Ammunition in excess of calibre .22 for the arms enumerated under (1) and (2) above, and cartridge cases or bullets for such ammunition; filled and unfilled projectiles for the arms enumerated under (3) above;
- (5) Grenades, bombs, torpedoes, mines and depth charges, filled or unfilled, and apparatus for their use or discharge;
- (6) Tanks, military armoured vehicles, and armoured trains.

CATEGORY II

- (1) Vessels of war of all kinds, including aircraft carriers and submarines, and periscopes for submarines.

CATEGORY III

- (1) Aircraft, unassembled, assembled, or dismantled, both heavier and lighter than air, which by reason of their design or construction are adapted or intended either for military or naval reconnaissance, or for aerial combat by the use of machine guns or artillery, or for the carrying and dropping of bombs, or which are equipped with or prepared for any of the arms or appliances referred to in paragraph (2) below;
- (2) Aerial gun mounts and frames, bomb racks, torpedo carriers, and bomb or torpedo release mechanisms.

CATEGORY IV

- (1) Revolvers and automatic pistols using ammunition in excess of calibre .22;
- (2) Ammunition in excess of calibre .22 for the arms enumerated under (1) above, and cartridge cases or bullets for such ammunition.

## CATEGORY V

- (1) Aircraft, unassembled, assembled or dismantled, both heavier and lighter than air, other than those included in Category III;
- (2) Propellers or air screws and blades therefor, fuselages, hulls, wings, tail units, under-carriage units, and wheels for aircraft.
- (3) Aircraft engines, unassembled, assembled or dismantled.

## CATEGORY VI

- (1) Livens projectors and flame throwers;
  - a. Mustard gas (dichlorethyl sulphide);
  - b. Lewisite (chlorvinylchlorarsine and dichlorovinyl-chlorarsine);
  - c. Methylchlorarsine;
  - d. Diphenylchlorarsine;
  - e. Diphenylcyanarsine;
  - f. Diphenylaminechlorarsine;
  - g. Phenylchlorarsine;
  - h. Ethylchlorarsine;
  - i. Phenylbromarsine;
  - j. Ethylbromarsine;
  - k. Phosgene;
  - l. Monochlormethylchlorformate;
  - m. Trichlormethylchlorformate (diphosgene);
  - n. Dichlordimethyl Ether;
  - o. Dibromdimethyl Ether;
  - p. Cyanogen Chloride;
  - q. Ethylbromacetate;
  - r. Ethyliodoacetate;
  - s. Brombenzylcyanide;
  - t. Bromacetone;
  - u. Brommethyl ethyl Ketone;
  - v. Chlorpicrin (nitrotrichloromethane).

## CATEGORY VII

- (1) Propellant powders;
 

High explosives as follows:

  - a. Nitrocellulose having a nitrogen content of more than 12%;
  - b. Trinitrotoluene;
  - c. Trinitroxylenes;
  - d. Tetryl (trinitrophenol methyl nitramine or tetranitro methylaniline);
  - e. Picric acid;
  - f. Ammonium picrate;
  - g. Trinitroanisole;
  - h. Trinitronaphthalene;
  - i. Tetranitronaphthalene;
  - j. Hexanitrodiphenylamine;
  - k. Pentaerythritetranitrate (penthrite or pentrite);
  - l. Trimethylenetrinitramine (hexogen or T);

- m. Potassium nitrate powders (black saltpeter powder);
- n. Sodium nitrate powders (black soda powder);
- o. Amatol (mixture of ammonium nitrate and trinitrotoluene);
- p. Ammonal, mixture of ammonium nitrate, trinitrotoluene, and powdered aluminum, with or without other ingredients).

766.

*Décret du Conseil*  
*Order in Council*

P.C. 1915

August 6, 1937

WHEREAS under Section 19(1)(e) of "The Foreign Enlistment Act, 1937", it is provided that the Governor in Council may from time to time, by order or regulation, provide for the issue, restriction, cancellation and impounding of passports, whether within Canada or elsewhere, to the extent to which such action is deemed by him to be necessary for carrying out the general purposes of the said Act;

AND WHEREAS the Secretary of State for External Affairs reports that in view of the present armed conflict in Spain, it is not deemed desirable that passports be issued for travel in Spain unless it is clear that the applicants have no intention of enlisting in either of the armed forces or otherwise taking part in the conflict;

NOW, THEREFORE, the Deputy of His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs is pleased to order as follows:

(1) Passports shall not be issued for travel in Spain, that is to say, the territories of the Peninsula, the Balearic Islands, the Canary Islands, and towns and territories under Spanish sovereignty in Africa, unless applicants fall within the following categories:

(a) Persons having urgent business reasons for such travel, and persons returning to resume employment there, together with members of their families.

(b) Journalists representing reputable papers.

(c) Persons forming part of surgical, medical, nursing or other services engaged solely in humanitarian work and which are under the control or supervision of the Canadian Red Cross or other recognized Canadian humanitarian society.

(2) Applicants for passports for Spain shall be required to subscribe to the following Declaration:

In connection with my application for a passport to travel in Spain I wish to state that I desire to proceed to ..... for the purpose of .....

I undertake that nothing will take place in the course of my visit that could be considered as implying any intervention by me on behalf of either side of the present dispute in Spain.

I understand that I travel at my own risk and that His Majesty's Government in Canada undertake no responsibility for my protection or for my evacuation in case of need.

(3) A passport may be issued and endorsed "Valid for a single journey to (here insert name of the place or district in Spain and purpose of journey)" in the case of applications conforming with the above mentioned requirements.

(4) New passports for travel in countries other than Spain and similar passports presented for renewal shall be marked "Not valid for travel in Spain, that is to say, the territories of the Peninsula, the Balearic Islands, the Canary Islands, and towns and territories under Spanish sovereignty in Africa".

(5) Passports issued for travel in Spain may be impounded or cancelled upon evidence of fraud or misrepresentation in the passport application or upon evidence that the holder has not faithfully carried out the undertaking set forth in the Declaration.

(6) These regulations shall come into force on August 10th, 1937.

H. W. LOTHROP

767.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 80 London, September 4, 1937

IMMEDIATE. MOST SECRET. We have been considering situation arising from frequent and increasing attacks on British and foreign ships in the Mediterranean. Even if all the submarines in the possession of Valencia and Salamanca Governments were in seaworthy condition (which they are not) it is difficult to believe that their numbers would suffice for widespread activities of recent weeks. There are good reasons for believing that a number of Italian submarines are taking an active part in attacks on shipping.

The French Government have suggested that endeavour should be made to arrange a meeting at Geneva of representatives of Mediterranean Powers, (France, Great Britain, Greece, Turkey and Yugoslavia and possibly of Black Sea States) who could examine best means of assuring protection of navigation and of air lines in the Mediterranean. They have also intimated that if it were impossible to bring about a modification in general Italian

attitude towards Spanish civil war they would be obliged to examine basis of Non-Intervention Agreement and to make plain their right to exercise complete liberty of action.

We have replied that we favour a meeting of Mediterranean Powers including Italy for above purpose.

We have further decided that destroyer strength of fleet in western basin of Mediterranean should be forthwith reinforced. We have good evidence that many Spanish ships in Mediterranean engaged in traffic with Spanish Government ports are employing British flag as a ruse in order to avoid capture and that in some cases permanent disguises have been made to resemble well-known British liners. In order to remove any possible excuse for action against genuine British ships by Spanish Insurgents we are considering whether we should announce our readiness to give both sides in Spain the opportunity to examine ships to verify their national character on similar lines to those proposed in case of British ships in Chinese waters—see my circular telegram B. 81 of today.<sup>1</sup> This question will probably come before Cabinet at its meeting on Wednesday, September 8th, and if it is decided to proceed accordingly, immediate action may then be necessary. If therefore the Dominion Governments have any observations on this suggestion we should be grateful if we could receive them at the earliest possible moment.

768.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

PARAPHRASE OF TELEGRAM 51

Ottawa, September 7, 1937

IMMEDIATE. SECRET. Your telegram circular B. 80 of the 4th September, Secret, respecting attacks on shipping in the Mediterranean and question of proposed announcement of readiness to give both sides in Spain the opportunity to examine ships to verify their national character.

The Canadian Government has not hitherto been among the Governments participating in consultations by means of meetings or otherwise upon matters arising from Spanish conflict or in announcements or instructions following upon such consultations.

According to information presently available in Departments concerned, it does not appear that there are any ships on Canadian registry engaged in Mediterranean trade.

The Canadian Government in present circumstances consider it unnecessary to offer any suggestion regarding the proposal in question. Message ends.

<sup>1</sup> Voir le doc. 814/see doc. 814.



769.

*Le sous-secrétaire d'État adjoint aux Affaires extérieures  
au ministre aux États-Unis*

*Assistant Under-Secretary of State for External Affairs  
to Minister in United States*

Ottawa, October 2, 1937

My dear Sir Herbert,

It is requested that enquiries might be made to ascertain whether men returning from fighting in Spain, e.g., in the Abraham Lincoln battalion, are being subjected to any special restriction on re-entrance, or to prosecution for enlistment abroad, and if so, whether any distinction is made as to whether their departure took place before or after any legislation was passed or announcement was made, if any, rendering enlistment illegal—and whether any distinction is made between citizens and aliens who are returning.

Yours sincerely,

LAURENT BEAUDRY

770.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 101      London, October 2, 1937

SECRET. Following for your Prime Minister, Begins: His Majesty's Government in the United Kingdom have recently been giving further anxious consideration to increasing gravity of situation created by Spanish civil war, and we think that it may be useful for you to have following very confidential appreciation of general position, Begins:

His Majesty's Government in the United Kingdom can no longer anticipate that outcome of struggle will be purely Spanish victory one side or the other. For instance, if General Franco won it is thought unlikely he would be able to control situation without the assistance of Italians, and Italians might then be likely to stay for a year or even longer; further, motives of Signor Mussolini are not now believed to be purely ideological or for prestige and it is considered not unlikely that Italians are seeking submarine bases in Spain to be used for bargaining purposes or pressure on other nations in case of war.

In these circumstances, while situation is obviously one of great complexity and difficulty, it looks as though on the one hand our interests generally would best be served by a stalemate leading to a compromise, and on the other hand that it would be against those interests that General Franco should win outright so long as he was dependent on foreign aid. Above all it would be against our interests that he should win during the present year. As early victory by Franco would create a third Dictator State and for

France a third frontier to defend, and it would increase the likelihood of some early adventure elsewhere by other Dictator States. Appreciation ends.

The following are most recent developments in situation:

At a moment when French Government were urging joint representations by themselves and the United Kingdom Government to Italian Government, on the subject of continued flow of Italian volunteers into Spain, the Italian Government took initiative in giving assurances as to their intentions in Spain to French Minister for Foreign Affairs and His Majesty's Chargé d'Affaires at Rome. This initiative is being answered by a United Kingdom-French proposal for tripartite conversations between United Kingdom, French and Italian Governments on the subject of non-intervention policy. The proposal will be forwarded in a joint note from the two Governments of which a summary is contained in my immediately following telegram, Circular B. 102, Confidential.<sup>1</sup> The proposed tripartite conversations would be another attempt to make non-intervention policy work better than in the past and on their success would depend continued ability of French Government to keep Spanish frontier closed. The present indications are that if this frontier were to be opened French nationals would crowd it, the Italians would reinforce their "volunteers" and French and Italians would soon be fighting one another. Message ends.

771.

*Le ministre aux États-Unis au sous-secrétaire d'État adjoint  
aux Affaires extérieures*

*Minister in United States to Assistant Under-Secretary of State  
for External Affairs*

Washington, October 5, 1937

Dear Mr. Beaudry,

With reference to your letter of October 2nd concerning the attitude of the United States authorities towards United States citizens returning to this country from fighting in Spain, unofficial enquiries have been made at the State Department in order to ascertain what policy is being adopted towards such individuals.

It appears that under the statutes in force there exist no grounds for prosecuting persons for having fought in the Spanish Civil War, and that in fact no such prosecutions have been undertaken. Under the Foreign Enlistment Act certain penalties are laid down for enlisting United States citizens to fight against a foreign state with which the United States is on peaceful terms; but unless it could be shown that returning Americans who had fought in the Spanish Civil War had been active in enlisting their fellow Americans to take part in this war or had themselves enlisted within the jurisdiction of the United States, there would be no grounds for prosecution.

<sup>1</sup> Non reproduit/not printed.

The attitude of the State Department is, that as these individuals chose to pursue a course of action contrary to the declared policy of the United States Government by taking an active part in the Civil War, they forfeited the protection of the United States Government and its diplomatic representatives abroad. Their action did not entail loss of United States citizenship which is only forfeited by taking an oath of allegiance to a foreign state; and no steps are being taken to prevent the reentry of United States citizens who have fought in Spain and who are now returning to this country. The passports, however, of such persons are subject to confiscation and are in fact being confiscated, and further passports permitting them to reenter Spain will not be issued by the State Department while the present state of civil war exists in Spain.

With regard to aliens who have been fighting in Spain and who now desire to reenter the United States, it was pointed out at the State Department that this was a matter for the consideration of the Department of Labor in each individual case. An alien who has been admitted to the United States for permanent residence and who later proceeds overseas must, to secure his readmission, present either a reentry permit issued by the Department of Labor before his departure overseas or a non-quota visa issued to him, as a returning resident by a United States Consul abroad.

There have been no recent amendments of the laws governing foreign enlistment; they are still based on an Act of 1818 to which minor additions were made during the Great War. More stringent provisions have been proposed recently in Congress, but have failed as yet to be adopted. The text of the present law and an explanatory memorandum were included with my despatch No. 80 of January 23rd this year.<sup>1</sup>

Yours sincerely,  
HERBERT M. MARLER

772.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 480

London, November 8, 1937

Your telegram No. 385, October 2nd,<sup>1</sup> and subsequent cablegram,<sup>1</sup> volunteers returning from Spain. Following is summary of information received from Dominions Office to-day, Begins:

*Number.* There have been cases from time to time of British subjects returning from abroad in circumstances which indicate they may have been fighting in Spanish war (e.g. travelling on emergency certificates issued by

<sup>1</sup> Non reproduits/not printed.

Consulate General at Barcelona of which ninety-two had been used up to the end of June) and in some cases they have admitted participation in fighting but no accurate information as to number of such persons.

*Restrictions on return to the United Kingdom.* There is no power to refuse British subjects admission to this country and no restrictions on return to the United Kingdom of persons who have served in the war in Spain. Consular officers not entitled to repatriate those who enlisted subsequent to warning issued January 11th last.

*Prosecution.* As our object is to secure return of volunteers from Spain, we have not instituted any proceedings against men enlisting January 11th. As regards men enlisting since that date there have been no prosecutions so far. One of the difficulties is to obtain sufficient evidence of offence to justify taking proceedings. Ends.

773.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 373

Ottawa, December 21, 1937

Sir,

I have the honour to refer to your despatch No. 780 dated the 9th December, 1937,<sup>1</sup> transmitting the Foreign Office memorandum concerning enquiries and representations as to United Kingdom volunteers in Spain.

I have examined the provisions of the Foreign Office memorandum with great interest.

This Department has been compelled to adopt a definite course with regard to similar matters. The course adopted appears to fit in well with the policy followed by the Foreign Office. I am setting it forth for your information and should like you to bring it to the attention of the appropriate authorities for their information.

The adoption of the following course with regard to the protection of Canadians who have been captured while fighting in Spain has been approved:

(a) Upon receipt of definite evidence that a Canadian has been captured in Spain enquiries might be made with a view to facilitating any action that may be possible for the purpose of alleviating their position.

(b) In the case of Canadians whose work has been purely humanitarian in character, strong pressure might be brought to bear upon the Government with a view to preventing harsh treatment.

(c) In the case of Canadians who have been engaged in combatant activities and who are of full age, no action should be taken apart from enquiry.

<sup>1</sup> Non reproduite/not printed.

(d) In the case of minors, efforts might well be made to protect them even when they have been engaged in combatant work. Cases where the person concerned is near majority present some real difficulty, but probably the best thing to do would be to draw the line sharply at twenty-one, this being the age at the time of enlistment.

You will notice that the only point of minor variance is in the treatment of minors. It was the view of this Government that where minors had been induced to go over to Spain it would be difficult to maintain the same attitude as in the case of more mature individuals. There have been instances of recruits for Spain who have been little more than boys running away from home and it is thought that such cases would deserve more lenient treatment.

I have etc.

J. E. READ for the . . .

774.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH 230

London, April 7, 1938

Sir,

I have the honour to refer to your despatch No. 373 of December 21st, 1937, concerning the course adopted by the Canadian Government with regard to the protection of Canadians who have been captured while fighting in Spain, the substance of which I passed on to the Dominions Office.

2. With regard to provision (d) in the above despatch, where you state that in the case of minors efforts might well be made to protect them even when they have been engaged in combatant work, the Dominions Office state that no situation has, so far as the Foreign Office are aware, yet come about where the question of distinguishing between British volunteers over and under 21 years of age has arisen in so far as assistance in a direct sense is concerned. I am informed that the Foreign Office do, however, from time to time receive requests from parents of British volunteers to arrange the repatriation of their sons. Their normal reply to this is to draw attention to the plan for the withdrawal of all foreign volunteers from Spain now under consideration by the Non-Intervention Committee, and to say that His Majesty's Government cannot anticipate this plan by negotiating separately for the return of volunteers of British nationality.

3. It seems, however, that in one or two cases of this nature which have arisen in recent weeks, the person concerned has been a minor and the British Minister at Barcelona has been instructed to request the Spanish

Government to allow repatriation on that ground. There has not yet been time to ascertain the final reaction of the Spanish Government to these representations, and they have so far confined themselves to asking for certified copies of birth certificates to prove that the individuals concerned are in fact minors.

4. The Dominions Office state that they will inform me of the final result of their approach to the Spaniards and I shall forward this information, when received, to you.

I have etc.

L. B. PEARSON for the . . .

775.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 62

Geneva, September 21, 1938

Negrin announced in Assembly this evening that Spanish Government will immediately withdraw all foreigners from its forces. He requested appointment by Council of League Commission to supervise execution of withdrawal and proposed Resolution to this effect. Withdrawal would be unilateral and unconditional.

776.

*Le délégué permanent [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, October 4, 1938

My dear Dr. Skelton,

The Council entrusted to a Committee composed of the representatives of Great Britain, France and Iran the work of organising a League Commission to report on the voluntary withdrawal by the Spanish Government of foreigners fighting on their side in the Spanish war, including those who have been naturalised since the war began. This Committee met on Saturday, and I was approached on its behalf to know whether the Canadian Government would be prepared to designate an officer to serve on the Commission. I answered by saying that the Canadian Government had always taken the position that the Spanish civil war was primarily a European problem and that I felt sure that they would not be inclined to participate in such a way in the work of the Commission.

Yours sincerely,

H. H. WRONG

777.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 230

London, October 14, 1938

United Kingdom Foreign Office enquire what action should be taken in connection with Canadian prisoners in Spain. Understand Paris Legation has communicated fully with you on this subject. Would be grateful to learn your decision.

MASSEY

778.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 234

London, October 17, 1938

Letter dated October 15th received from British Consul at Marseilles stating that thirteen Canadians formerly with International Brigade in Spain were evacuated from Spain through French frontier to Perpignan and that he had supplied them with transportation to London and enough money for subsistence en route. These men are:

William Morrow, Canadian passport No. 29,275; Charles Marin Saxer, Canadian passport No. 35,322; Robert Hamilton, Alexander Miller, Roderick Mackenzie, Canadian passport, No. 9,988; Thomas Traynor, all born in United Kingdom. Joshua Cluney, alleged born at Riverside, New Brunswick; Shand Robertson alleged born Manitoba; Jan Willen Frederick Coops born at Saskatoon, Canada, passport No. 45,391; Hendrick Ovaschuk, alleged born Entwistle, Alberta; Eugene Llewellyn, alleged born Prince Rupert; Paul (name omitted) born Poland, Canadian passport No. 36,531; Joseph Vitez born Hungary, Canadian passport No. 34,296. No reason given why all have not got passports.

Expenses incurred so far about £50. Men expected in England tonight. Please advise what action you desire taken in connection with these 13 and policy with regard to any further Canadians who may apply for repatriation.

779.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 216

Ottawa, October 20, 1938

Your telegram No. 230 of October 14th. Action to be taken in connection with Canadian prisoners in Spain. Please refer to my despatch No. 373 of December 21st, 1937; letter from Pearson to Christie January 14th, 1938,<sup>1</sup> Christie's reply January 26th<sup>1</sup> and your despatch No. 230 April 7th, 1938. As to repatriation, decision will be taken soon and then transmitted to you.

780.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 217

Ottawa, October 21, 1938

Your telegram No. 234 of October 17th. Repatriation of Canadians from Spain.

Refugees from Spain are authorized to return to Canada upon Commissioner Little being satisfied that they are Canadian citizens.

You are not authorized to expend any money towards the cost of repatriation.

With regard to expenses incurred by British Consul at Marseilles for 13 Canadians in your above-mentioned telegram, please obtain from the Consul full particulars of the expenses incurred in order that consideration be given to the case.

Passport files have been checked and there is no record of the issue of a passport to Hendrick Ovaschuk. All others are British subjects.

781.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 242

London, October 25, 1938

Your telegram No. 217, repatriation of Canadians from Spain. To avoid confusion enquiries of paragraph 4 forwarded to Legation at Paris who are

<sup>1</sup> Non reproduites/not printed.



dealing with this matter. It appears that the Immigration Department are dealing with this problem strictly under the terms of the Immigration Act. This will undoubtedly cause difficulty as under that Act many naturalized Canadians will have lost domicile.

MASSEY

782.

*Le sous-secrétaire d'État adjoint aux Affaires extérieures  
au délégué permanent [SDN]*

*Assistant Under-Secretary of State for External Affairs  
to Permanent Delegate [L. of N.]*

Ottawa, October 25, 1938

Dear Mr. Wrong,

Referring to your letter dated the 4th October, 1938, and to the Committee dealing with the question of the voluntary withdrawal by the Spanish Government of foreigners fighting on their side in the Spanish war, the statement of the position of the Government as set forth in the last sentence of your letter was brought to the attention of the Acting Secretary of State for External Affairs. Mr. Lapointe agreed with the position as stated by you.

Yours sincerely,

LAURENT BEAUDRY

783.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 222

Ottawa, October 31, 1938

Your telegram No. 242 October 25th. Return of Canadians from Spain. Please obtain copies of telegrams<sup>1</sup> from Blair to Little, and especially copy of Blair's telegram of October 25, which concurs with Little's suggestion that the determination of Canadian domicile be decided apart altogether from registration with a British Consul, regardless of the period of absence.

<sup>1</sup> Non reproduits/not printed.

784.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 265

London, November 25, 1938

Your telegram No. 222, October 31st, repatriation of Canadian volunteers in Spain. Dominions Office state that 201 Canadian nationals are amongst foreign volunteers whom the Spanish Government will shortly repatriate. Difficulties are likely to be experienced in proving their identity as many will not be in possession of passports. French Government have stated will not object to their transit through French territory provided:

1. They are in possession of identity document bearing visa of French Consulate General at Barcelona;
2. Are taken in charge at French frontier by duly qualified Canadian authority who will accompany them until they leave French territory;
3. That journey is continuous;
4. That expenses are borne by the Canadian Government; and
5. That there is assurance of admission to Canada.

Governments parties to Non-Intervention Agreement have all accepted above undertaking in respect of their nationals.

French Government would like Canadian volunteers to journey continuously from Cerbère to Cherbourg and sail from that port December 3rd. In view of necessity of providing certificates of identity before volunteers can enter France, Dominions Office have asked if the Canadian Government will be prepared to authorize British Consular Officers in Spain to issue such certificates to those Canadian volunteers who do not possess passports and to arrange for Canadian Legation at Paris to give any necessary assurance to French Government that they accept the responsibility for immediate evacuation from France of any such volunteers as may accordingly be allowed to cross French frontier.

United Kingdom Government are arranging to give required assurance to the French Government as regards subjects from the United Kingdom who are concerned, and to proceed immediately with arrangements for their evacuation and transit to the United Kingdom.

We have communicated above information to the Canadian Legation at Paris.

MASSEY

785.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 268

London, November 29, 1938

My telegram No. 265, November 25th. Consul General at Barcelona has informed Dominions Office formal applications for travelling permits have been received on behalf of 131 Canadian volunteers of International Force, and about 100 foreigners who have an average of about 10 years residence in Canada and desire to return there. Ninety-six Canadians have passports and many of them have obtained nationality by naturalization. Foreigners desiring to return to Canada represent nearly every European nationality. Some of them have national passports, others have none. Consul General feels that he has no power to give these men travelling permits without authorization. He has suggested that Canadian Government might send Canadian immigration officer to Barcelona to look into matter. He states that problem of British volunteers in Valencia sector will soon have to be considered and that conditions there in this regard probably similar to those obtaining in Barcelona.

MASSEY

786.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis  
Secretary of State for External Affairs to Minister in United States*

TELEGRAM

Ottawa, November 30, 1938

Repatriating several hundred Canadian volunteers from Spain has been suggested to us by Non-Intervention Committee. We should be glad to learn whether United States authorities are considering taking any action in regard to repatriation of United States volunteers and if so on what basis, particularly as to citizenship and whether they have in mind to assume whole cost of repatriation. Immediate reply requested.

787.

*Le ministre aux États-Unis au secrétaire d'État aux Affaires extérieures  
Minister in United States to Secretary of State for External Affairs*

TELEGRAM

Washington, December 1, 1938

Your telegram 30th November. United States Government authorities are not taking any action in regard to repatriation of volunteers of Spain, except

to examine their passports and papers, et cetera, considering their enlistment was contrary to United States laws and policy. Repatriation, however, of United States volunteers is being undertaken by a private organization—The Friends of Abraham Lincoln Brigade.

788.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 251

Ottawa, December 1, 1938

Your telegrams No. 265 and 268 concerning repatriation of Canadian volunteers. Canadian authorities cannot assume cost of transportation but will cooperate fully in any plan to determine in Spain who have the right of return. We understand from Canadian Pacific that private organization in Canada have supplied them with funds used in bringing back those who have already returned and we are endeavouring to ascertain whether same source will provide for balance of volunteer movement. If this is confirmed, Immigration Department proposes to send immediately from Ottawa to Barcelona experienced officer who will determine right of return of volunteers whether British Subjects or aliens formerly resident in Canada and will cooperate with British Consul in arranging matters including issue of travel documents. Suggestion has been made of sending ship to Barcelona or Marseilles thus avoiding necessity of escort through France. Proposed plan offers immediate solution regarding volunteers at Barcelona and same could apply also at Valencia. Canadian Government will accept decision of special Immigration Officer at Barcelona as establishing right to readmission of volunteers to Canada.

We are informed that United States Government which like Canada is not a member of Non-Intervention Committee is not assuming any financial or other responsibility for return of United States volunteers other than examining passports and papers.

Will you communicate above information to Canadian Legation at Paris.

789.

*Le chargé d'affaires en France au secrétaire d'État aux Affaires extérieures*

*Chargé d'Affaires in France to Secretary of State for External Affairs*

TELEGRAM 76

Paris, December 3, 1938

Following telegram has been received this morning from Barcelona, Begins: Consul General here states unable to aid repatriation of 300 Canadian volunteers without definite instructions from you. Since Negrin statement in

Geneva in September have been out of line waiting to go home. Formalities of League of Nations Commission long completed boys anxious to get home before Christmas. Please speed up co-operation with Spanish Government and British Consul assuring immediate return of all Canadians including foreign born. On behalf of Canadian volunteers Spain, Cecil Smith. Nick Myers.

790.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 254

Ottawa, December 5, 1938

My telegram No. 251 of 1st December. Repatriation of Canadian volunteers. Immigration authorities understand from Canadian Pacific that private organization in Canada referred to in my telegram will provide funds for balance of volunteer movement. They made quite clear to Canadian Pacific that Canadian Government did not propose to pay anything to bring volunteers back, adding that they were willing to send a specially qualified man from Ottawa to determine who are eligible to return. Private organization referred to have asked Canadian Pacific that special qualified man be sent by Ottawa, and arrangements are being made to have R. N. Munroe, Assistant Commissioner of Immigration, go over for this special duty and sail next week or thereabouts. Please advise Canadian Legation, Paris.

791.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissariat en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commission in Britain*

TELEGRAM 255

Ottawa, December 5, 1938

The Canadian Commissioner of Patents is concerned with the question as to whether claims for priority based upon applications filed in what is called the Spanish (Burgos) Patent Office should be recognized. It has been asserted that the Comptroller of the British Patent Office has agreed to allow priority of Spanish (Burgos) applications. Spain is a signatory of the International Convention for the Protection of Industrial property and Canadian authorities seem to think that the rights of recognition under the Convention would be confined to applications filed with the proper agencies of the Barcelona Government.

Please consult appropriate authorities with a view to ascertaining British Government practice. It is desirable to ascertain not merely the Comptroller of Patent's views and practice, but also the views of the Foreign Office on the point and whether there has been any act of recognition of the Franco Government, apart from the interchange of agents. Has the Foreign Office for example, in connection with legal proceedings or in any other way, officially recognized Franco Government as to the de facto Government of that portion of Spain which is within its military control.

792.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 77

Paris, December 5, 1938

Following telegram has been received from Consul General at Barcelona, December 2, Begins: There are now about 140 able Canadian volunteers concentrated Ripoll awaiting evacuation of which 100 have passports. There are also 100 all nationalities who have been domiciled in Canada. The sick and convalescent Canadians in hospital 54, of whom 8 have passports. There are 16 various nationalities from Canada in the same condition. Figures are approximate and may be slightly modified.

793.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

TELEGRAM 277

London, December 8, 1938

Your telegram No. 255, December 5th. Patent Office advise that applications made under Section 91 of the International Convention for the Protection of Industrial Property, whether for patent or for registration of trade marks or designs made either in national Spain or Government Spain, would be recognized by British Patent Office until there is some decision made by English courts or an international agreement throwing light on question. This recognition is made on the authority of the Foreign Office. Patent Office adds that strictly speaking they could take the view that priority under Section 91 of Convention could only be allowed if applications had been made at both Burgos and Madrid, but as there were practical difficulties in adopting course of this attitude present policy was to accept applications made under both Spanish Governments. On general question of recognition

of Burgos authorities, apart from sending agent, would refer you to recent judgment in English courts arising from disputed ownership of steamer reported in Times Law Report, November 2nd.

794.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 279

London, December 8, 1938

The Foreign Office have just received the following telegram from the Consul General at Barcelona and are exercised over it, Begins: Canadian Legation at Paris informs me today that the Canadian Government will undertake no expenditure on repatriation of their volunteers. Apparently they mean to do nothing until voluntary organizations offer to subscribe to the expenditure. A dangerous situation will certainly arise at once in consequence of such delay and I fear that discipline will break down. I have urged upon the Legation the necessity for prompt action but I fear that the urgency of the matter is not realized. Ends.

795.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 282

London, December 9, 1938

My telegram No. 279, December 8th, Spanish volunteers. Foreign Secretary has written Dominions Office that while appreciating Canadian Government's reluctance to pay for return from Spain of men who enlisted without authorization, he feels that they may not be fully aware of serious danger in discipline which may arise from continued presence of volunteers in concentration camps and of possible repercussions which this may have on position of His Majesty's Consular officers in Spain. He also considers it of importance on the grounds of general policy that as few obstacles as possible should be allowed to interfere with Spanish Government's plan to dispose of their foreign volunteers. Government here therefore hope Canadian Government will reconsider under the circumstances their decision not to bear the expenses involved in repatriating their nationals.

MASSEY

796.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs to High Commissioner in Britain*

TELEGRAM 259

Ottawa, December 9, 1938

Your telegrams Nos. 279 and 282 concerning volunteers in Spain. I fully appreciate position as presented by Foreign Secretary to Dominions Office. I may state that Immigration authorities here have personal assurance of Canadian Pacific Railway officials that funds are being supplied to them by private organization mentioned in my previous telegram sufficient to deal with repatriation of all Canadian volunteers in Spain or France. Difficulty under the circumstances, therefore, seems to arise not from decision of Canadian Government not to assume cost of transportation but from question of necessary measures to be taken to ensure evacuation from Spain and return to Canada of volunteers claiming former residence in Canada. It is desired to co-operate in general policy referred to by Foreign Secretary and facilitate in every way prompt determination of admissibility to Canada. For that purpose Assistant Immigration Commissioner Munroe will be sailing on 13th December for France and will go to Paris and then to Spain. While sending officer from Canada will entail a little delay in evacuating volunteers from Spain to the extent of time required for his journey, it is believed ability of experienced officer in dealing quickly and finally with all Canadian cases on the spot will save time ultimately and avoid difficulties which might otherwise occur at Canadian ports. He will grant visas in Spain which will ensure readmission of volunteers to Canada without any further doubt arising at Canadian ports. There should then be little difficulty in Canadian Pacific arranging such escort as may be acceptable to the French Government.

I may point out that while the attitude of Canadian authorities in this matter is not substantially different from that of the United States authorities as indicated in my telegram No. 251 of 1st December to you, we have thus far been very lenient in determination of readmissibility not only of British subjects but also aliens claiming former residence in Canada, and Mr. Munroe will be instructed to apply the same policy to fullest extent.

Please advise Dominions Office and Canadian Legation in Paris.

797.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State for External Affairs*

TELEGRAM 285

London, December 10, 1938

Your telegram No. 259, volunteers in Spain. Dominions Office and Legation at Paris advised. Canadian Pacific office here, who have been in touch



with their Head Office at Montreal, state that no assurance of funds from private sources for repatriation from Spain received, but rather information to the contrary. Question also arises whether, if there is danger of indiscipline in Canadian volunteers' camp, situation can be kept under control during two weeks or so before the arrival of Munroe especially in view of the ambiguity about the situation re private funds for repatriation.

MASSEY

798.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 80

Paris, December 10, 1938

Following telegram has been received from Consul General at Barcelona, Begins: Canadians by birth or naturalization about 200. Of these 114 have passports. Active 147, casualties 54. Foreigners claiming Canadian domicile 120. Have recommended Commanding Officer to put those not having passports in touch with their own Consuls pending question of visas for Canada. If Immigration Officer can be sent from one of your European offices instead of from Canada much time would be saved. Decision in principle is urgently required whereupon I shall take up details with you. Ends.

799.

*Le secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs*  
*to High Commissioner in Britain*

TELEGRAM 263

Ottawa, December 10, 1938

Your telegram No. 285 of 10th December. Volunteers in Spain. Canadian Pacific Montreal are cabling their London Office Monday morning about return transportation of volunteers. Immigration Department are still assured by them that funds will be forthcoming. They have no experienced officer available overseas. They cannot take men from their present post in Europe where their services are daily required. Because examination in Spain must be final as to admissibility, Canadian authorities believe they have taken only solution possible under circumstances in sending Officer Munroe from Canada.

800.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

December 21, 1938

A. A. McLeod of the League for Peace and Democracy, telephoned today regarding provision for the return of Canadian volunteers from Spain. He stated that he had been informed that funds were not available for the purpose, and that it had been suggested to him by some of the Canadian organizations interested in the volunteers that he should proceed to Spain and interview the Prime Minister, Dr. Negrin and the Minister of Foreign Affairs, Mr. del Vayo, both of whom he knew, in an endeavour to persuade the Spanish Government to pay the transportation of the four or five hundred Canadians now awaiting return. He asked whether in the event of his undertaking to do so, the Canadian Government would grant him the necessary passport visa.

I stated that the Canadian Government was not concerned with the question of provision of funds for the return of these volunteers. Its interest in the matter, aside from the question of the Foreign Enlistment Act, was limited to determining the eligibility of volunteers for return to Canada. For this purpose (as Mr. McLeod indicated he was aware), the Department of Immigration had sent Mr. Munro[e] to Spain with authority to determine, in accordance with Canadian Immigration regulations, the eligibility of each applicant for admission. I added that we had, however, been informed by the Department of Immigration that some of the organizations responsible for sending the men over to Spain had undertaken to provide the funds for their return. I could not say what attitude would be taken towards an application for him for permission to go to Spain, but I was certain that the first thing that would be done would be to make an enquiry into the undertakings that had already been given. It was not likely that we would be prepared to facilitate an attempt to evade what was reported to us as having been a definite undertaking to provide funds.

Mr. McLeod declared that he was not connected with any organization responsible for the enlistment or recruiting of volunteers. His organization had confined its efforts wholly to humanitarian objects in support of refugees and children in Government Spain. He was, however, he admitted, concerned with the possibility that a public campaign by the other group to raise funds (which he did not imagine they now actually had in their possession) for the purpose of bringing back volunteers, would interfere with the appeal of his organization for funds for humanitarian purposes. I informed him that we had no direct information as to the question of provision of funds. That was a matter which I understand had been taken up with the steamship authorities.

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<sup>1</sup> De/by O. D. Skelton.

801.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

December 23, 1938

## SPANISH VOLUNTEERS

I informed Mr. Blair that I was expecting a call from Mr. Calder [*sic*- Coldwell] and Mr. Lewis on this subject. Blair said he had just received a wire from Munroe of [*sic*] Paris stating that arrangements seemed to have run into trouble with regard to obtaining passage and wondering if in any way he had compromised the Canadian Government. Blair said he had replied that Munroe must make it clear that his sole purpose was to examine the volunteers in order to determine their eligibility to return to Canada. He was to take no part whatever in any arrangements for transportation. If any more were found eligible to return and were not able to make arrangements for sailing, their documents should be deposited with the Canadian official or Consul until required. As regards the transportation arrangements, Mr. Blair said that the Canadian Pacific authorities had been quite satisfied that money for the passage would be forthcoming. He had not gone into the details of the matter with the Company.

802.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

December 23, 1938

Mr. J. W. [*sic*-M.J.] Coldwell, M.P., and Mr. David Lewis, called today regarding the return of Canadian volunteers. They said representations had been made to them on the subject by Mr. A. A. McLeod and by a Mr. Hunter of the Mackenzie-Papineau organization. Mr. McLeod had informed them that he had made an application for a passport visa to Spain for the purpose of endeavouring to arrange with the Spanish government for the transportation of Canadian volunteers back to Canada.

I informed them that this was not correct. I read them my report of my conversation with Mr. McLeod, and added that Mr. McLeod had enquired to whom an application for a passport should be made. I told him he should write to me on the subject and that his application would then be given consideration. I added that there were matters to be cleared up, particularly as to the undertakings given the C.P.R. as to provision of funds, be-

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

fore his request could be definitely dealt with. His application had certainly not been refused, and as a matter of fact no application has yet been received.

Mr. Coldwell and Mr. Lewis stated that from what they knew of the organization in question, incompetence and unbusinesslike methods were likely more responsible for any misunderstanding that had occurred, than any attempt to mislead the C.P.R. or the Canadian Government. He had understood from them that the Spanish Government had paid the expenses of the returning American volunteers, and they had probably assumed that the same arrangement would be made in the case of Canadian volunteers. I said I could not say who had paid the expenses of the American volunteers, but such information as I had received would tend to indicate that it was the Friends of Abraham Lincoln Brigade. In any case I would have assumed that people like the Mackenzie-Papineau organization, who had means of direct contact with the Spanish Government, would have assured themselves of the elementary facts as to the Spanish Government's willingness to pay transportation before making a definite offer to the C.P.R.

Mr. Coldwell and Mr. Lewis said they thought it would be very desirable, in the interests of avoiding any controversy, if some means could be found of ensuring the return of the volunteers. I replied that the people who would doubtless wish to avoid any controversy were those who had raised the funds for sending the men over and who were now trying to evade their undertaking to bring them back. Before any answer could be given on Mr. McLeod's application, when received, it would be necessary to find out, as I would endeavour to do, what assurance had been given the steamship company and by whom they had been given, and also to have evidence from some source as to whether the Spanish Government had, as a matter of fact, provided the funds for the return of volunteers to the United States. If this was not the case, Mr. McLeod's visit to Spain would have less possibility of success.

803.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

TELEGRAM

Ottawa, December 24, 1938

Your telegram December 1st, 1938. Repatriation of volunteers from Spain. You stated repatriation of United States volunteers is being undertaken by private organization. It is alleged here that Spanish Government has paid transportation back to United States.

Please advise exact facts if available.

804.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

DESPATCH 89

Ottawa, December 27, 1938

Sir,

With reference to my despatch No. 84 of the 17th August, 1937,<sup>1</sup> forwarding the text of the Order-in-Council of the 6th August, 1937,<sup>2</sup> governing the issue of passports for travel to Spain, I have the honour to enclose herewith a copy of a further Order-in-Council P.C. 3243 of the 22nd December, 1938, amending the Order-in-Council of the 6th August, 1937, to cover the cases of persons desirous of travelling to Spain for other legitimate purposes consistent with abstention from participation in the present conflict in Spain as set forth in the Declaration cited in the Order-in-Council.

2. Except in cases where a special endorsement is granted under these Orders-in-Council, all new passports and all existing passports which are presented to you for renewal or endorsement should continue to be marked "Not valid for travel in Spain, that is to say, the territories of the Peninsula, the Balearic Islands, the Canary Islands, and towns and territories under Spanish sovereignty in Africa."

3. From the date of the receipt of this despatch, special endorsement may be granted to Canadians desirous of travelling to Spain for any legitimate purposes, as indicated in the recent Order-in-Council. In the event of your considering that there are other special grounds for refusing any particular application, you should refer to this Department for instructions. If it is necessary to make this reference by telegraph it must be at the expense of the applicant.

4. Canadians should be advised that a permit or safe-conduct must be obtained from a Spanish Consular Officer or other authorized agent of the Spanish Government or of the Spanish Nationalist Authorities, according as to whether the visitor proposes to visit Government or Insurgent territory. A French visa is also necessary for entering Spain across the French frontier.

5. Before the special endorsement is granted, each applicant should be required to sign the undertaking referred to in the Order-in-Council.

6. When a request is made for the grant of facilities to travel to Spanish territory from a individual whose case does not come within the three categories referred to in the Order-in-Council of the 6th August, 1937, steps should be taken to impress upon the applicant that the Canadian

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> Voir le doc. 766/see doc. 766.

Government desire to discourage as far as possible visits of Canadians to Spain, owing to the wartime conditions prevailing in Spain. A warning may be added of the dangers and discomforts of travel in Spain and of the difficulties often met with by travellers in obtaining permission to leave Spain on conclusion of their visits.

7. If the applicant, however, persists in the request, the grant of the endorsement should not be withheld except upon the grounds indicated in paragraph 3 of this despatch.

I have etc.

O. D. SKELTON for the . . .

[PIÈCE JOINTE/ENCLOSURE]

*Décret du Conseil*

*Order in Council*

P.C. 3243

December 22, 1938

WHEREAS, under Section 19 (1) (e) of The Foreign Enlistment Act 1937, it is provided that the Governor in Council may from time to time, by order or regulation, provide for the issue, restriction, cancellation and impounding of passports, whether within Canada or elsewhere, to the extent to which such action is deemed by him to be necessary for carrying out the general purposes of the Act;

AND WHEREAS, by Order in Council P.C. 1915, dated the 6th August, 1937, with a view to securing that passports should not be issued for travel in Spain unless it was clear that the applicants had no intention of enlisting in either of the armed forces, or otherwise taking part in the conflict, it was provided that passports should not be issued for travel in Spain unless applicants fell within the following categories:

(a) Persons having urgent business reasons for such travel, and persons returning to resume employment there, together with members of their families.

(b) Journalists representing reputable papers.

(c) Persons forming part of surgical, medical, nursing or other services engaged solely in humanitarian work and which are under the control or supervision of the Canadian Red Cross or other recognized humanitarian society,

and it was further provided that applicants should subscribe to the following Declaration:

In connection with my application for a passport to travel in Spain I wish to state that I desire to proceed to ..... for the purpose of .....

I undertake that nothing will take place in the course of my visit that could be considered as implying any intervention by me on behalf of either side of the present dispute in Spain.

I understand that I travel at my own risk and that His Majesty's Government in Canada undertake no responsibility for my protection or for my evacuation in case of need.

AND WHEREAS the Secretary of State for External Affairs reports that the effect of this provision has been to prevent the issue of passports to persons who have no intention of enlisting in either of the armed forces, or otherwise taking part in the conflict, but who desire to travel in Spain for legitimate purposes;

AND WHEREAS it is deemed expedient that the provisions of the Order in Council referred to above should be enlarged to cover cases of this nature;

NOW, THEREFORE. His Excellency the Governor General in Council, on the recommendation of the Secretary of State for External Affairs, is pleased to amend the provisions of Order in Council P.C. 1915, dated the 6th August, 1937, and they are hereby amended by adding to Section (1) the following sub-paragraph (d):

(d) Persons desirous of travelling to Spain for other legitimate purposes, consistent with abstention from participation in the present conflict, as set forth in the Declaration cited above.

E J. LEMAIRE

805.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

TELEGRAM

Washington, December 27, 1938

Your telegram 24th December, repatriation of volunteers from Spain.

State Department inform us all expenses of repatriating United States volunteers are being borne by Friends of Abraham Lincoln Brigade. State Department does not know, and is not disposed to enquire, whether Spanish Government is making any contribution to fund for Friends of Abraham Lincoln Brigade.

806.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

URGENT

December 28, 1938

CANADIAN VOLUNTEERS IN SPAIN

You will recall that following the decision of the Spanish Government to withdraw all foreign volunteers from its forces, the British Government requested us to assist in making the necessary inspection arrangements and also to pay the transportation, as was being done by Great Britain and

<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

other European members of the Non-Intervention Committee. The Canadian Government declined, in spite of repeated requests from London, to provide the funds, but undertook to facilitate inspection, and accordingly Munro[e] of the Department of Immigration went over two weeks or more ago to Paris with the intention of proceeding from there to Barcelona. We were informed by the C.P.R. that the Friends of the Mackenzie-Papineau Battalion had given them definite assurances that funds would be forthcoming for the transportation of the volunteers.

It now turns out that this organization have no funds. Our enquiries indicate that there was no deliberate deception on the matter, though there was some lack of ordinary business methods. There is reason to believe that the anticipated source of the funds was the Spanish Government, and that it already had paid the transportation from Europe to Montreal of some 185 persons who had come back singly over a period of some months. Apparently the Spanish Government, however, assumed that arrangements made by the United Kingdom and other members of the Non-Intervention Committee for transportation would be adopted without question by all other parts of the British Empire, and they therefore declined to provide further funds themselves. Enquiries in Washington indicate that the fares of returning American volunteers were paid by the Friends of the Abraham Lincoln Brigade. There is some considerable ground for believing that the funds for this purpose came originally from the Spanish Government.

Mr. A. A. MacLeod, President of the League for Peace and Democracy, who has been instrumental in raising funds for humanitarian assistance to the Spanish Government forces but has not, I believe, been concerned with the recruiting of Canadian volunteers, proposes to go immediately to Spain in order to induce the Spanish Government, a number of whose members he knows quite well, to furnish the required funds. Mr. M. J. Coldwell, M.P., and David Lewis, Secretary of the C.C.F., have been in to see me a couple of times and very strongly support this course as one of the most likely to liquidate the situation without further complexities. It will be necessary to validate Mr. MacLeod's passport for a visit to Spain.

The success of the latest Insurgent drive towards Barcelona may introduce further complications if action is not taken shortly, and assuming that the Canadian Government is not prepared to provide the funds itself, Mr. MacLeod's journey seems the most likely means of solving what may be an embarrassing situation. Mr. Beaudry and I, after a number of discussions with Mr. Blair, and Mr. Coldwell and Mr. Lewis, definitely think that a visa should be granted, but that at the same time it should be made clear the Canadian Government has no responsibility for his mission. Mr. MacLeod would propose to leave Toronto tomorrow to catch a Cunard boat at Halifax.<sup>1</sup>

<sup>1</sup> Note marginale/marginal note:

"I approve

W. L. M[ACKENZIE] K[ING]  
28-XII-38"



807.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 483

Ottawa, December 30, 1938

Sir,

I have the honour to enclose herewith, passport No. 18836 granted on the 13th August, 1936, to Mr. A. Albert MacLeod.

Mr. MacLeod had made a request for a special endorsement for travel to Spain, but had to leave before we were in a position to forward the passport to him.

It has been decided to forward the passport to you and it is understood that Mr. MacLeod will call for it.

Perhaps it would be well to have Mr. MacLeod informed that a permit or safe conduct must be obtained from the Spanish Consular Officer or other authorized agent of the Spanish Government in order to visit Spanish territory held by the forces of the Spanish Government, and that a French Visa is necessary for entering Spain across the French Frontier.

I have etc.

O. D. SKELTON for the . . .

808.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 484

Ottawa, December 30, 1938

CONFIDENTIAL

Sir,

With reference to my despatch No. 483 of today, concerning the passport of Mr. A. Albert MacLeod, of Toronto, National Chairman of the Canadian League for Peace and Democracy, I have the honour to state that the Canadian Government has no responsibility for Mr. MacLeod's mission and that this was made clear when the special endorsement for travel to Spain was accorded to him.

You may recall from the correspondence exchanged with your office, concerning the question of return to Canada of Canadian volunteers in Spain, that when the question of making the necessary inspection arrangements and also of paying the transportation arose, the Canadian Government declined to provide the funds but undertook to facilitate inspection and accordingly sent Mr. Munro[e] of the Department of Immigration to Paris with the intention of having him proceed to Spain. We had been informed by the Canadian Pacific Railways that a private organization had given them definite assurances that funds would be forthcoming for the transportation of the volunteers.

It now appears that this organization has no funds and there is reason to believe that the anticipated source of the funds was the Spanish Government and that it already had paid the transportation from Europe to Montreal of some one hundred and eighty-five persons who had come back singly for a period of some months. Apparently the Spanish Government, however, assumed that arrangements made by the United Kingdom and other members of the Non-Intervention Committee for transportation would be adopted without question by all other parts of the British Empire, and they therefore declined to provide further funds themselves. Enquiries in Washington indicate that the fares of returning American volunteers were paid by the Friends of the Abraham Lincoln Brigade. There is some considerable ground for believing that the funds for this purpose came originally from the Spanish Government.

Mr. MacLeod, who has been instrumental in raising funds for humanitarian assistance to the Spanish Government forces, but does not seem to have been concerned with the recruiting of Canadian volunteers, proposes to go immediately to Spain in order to induce the Spanish Government, a number of whose members he knows, to furnish the required funds. The question, therefore, was whether we should validate his passport for a visit to Spain under the circumstances.

It was finally decided to validate his passport on the understanding that the Canadian Government assumed no responsibility in connection with his visit to Spain.

I am sending a copy of this despatch to the Canadian Legation in Paris for their confidential information.

I have etc.

O. D. SKELTON for the . . .

## PARTIE 4/PART 4

CONFLIT SINO-JAPONAIS<sup>1</sup>  
SINO-JAPANESE CONFLICT<sup>1</sup>

809.

*Le chargé d'affaires au Japon au secrétaire d'État aux Affaires extérieures*  
*Chargé d'Affaires in Japan to Secretary of State for External Affairs*

DESPATCH 324

Tokyo, July 14, 1937

Sir,

1. I have the honour to report briefly on the recent developments in North China, which have now been officially designated by the Japanese Government as the "North China Incident".

## EVENTS

2. The following brief outline of events is collated from available news from both Japanese and Chinese sources. There is of course considerable discrepancy in the available accounts and details, and only a summary of the principal episodes is submitted.

3. On the night of July 7th, fighting, for which each side holds the other responsible, took place while Japanese garrison troops were engaged in night manoeuvres near Lukowkiao ('Marco Polo Bridge'), about 20 miles west of Peiping. A sharp engagement started at 4.30 A.M. on the 8th, and continued until 9.30 A.M.; then came a brief 'armistice' lasting until 11 A.M. New affrays continued until 3 P.M., when the Chinese troops were driven off, but again broke out from 7.30 P.M. and continued until 11 o'clock. There were casualties on both sides. (The Japanese claim 16 killed and 40 wounded, but there are unconfirmed rumours that the Japanese suffered a severe reversal. The Chinese casualties are said to be much larger).

4. At 2 A.M. on July 9th a truce was arranged when the Chinese authorities agreed to evacuate the troops of the 29th army from the vicinity of Tokowkiao and to withdraw the troops of the 37th division from Lungwangmiao. These steps were not however completed, and further exchanges of firing took place later in the day.

5. At noon on July 10th the Chinese authorities gave new assurances that the Chinese troops had been ordered to refrain from firing. But at 5 P.M. a Chinese unit advanced from Weimenkow toward Lungwangmiao and opened fire on the Japanese; against which the latter vigorously retaliated, repelling the Chinese. Another Chinese attack occurred at 7 P.M. Additional forces were brought up by both sides, confronting each other across the river

<sup>1</sup> Voir aussi le doc. 102/see also doc. 102.

Yungtingho. This latest affray on the evening of the 10th appears to have been the provocation which set Japanese action in motion in Tokyo on the 11th.

6. On receipt of news of these incidents, the Japanese War Minister in Tokyo held conversations with his aides at 2 A.M. on Sunday the 11th; the Navy Minister met his colleagues at 4 A.M. at the Navy Office; at 4.30 A.M. Lieut.-General K. Katsuki was appointed new Commander-in-Chief of the Japanese North China Garrison, and at 10.55 A.M. left in a military plane for Peiping. At 10.30 A.M. the Premier held separate interviews with principal Cabinet ministers; at 11.30 held a five-minister conference lasting for 2 hours, at which it was decided to despatch reinforcements to North China; and at 2 P.M. there was an emergency session of the Cabinet. Afterwards the Premier, the Naval Chief of General Staff, the War Minister, and others proceeded to the Imperial Villa at Hayama and successively reported to the Emperor; and various special conferences were continued in Tokyo in the War Office, Navy Office, Foreign Office, party headquarters, and Finance Ministry.

7. Clashes continued to occur near Peiping on July 12th, and both Japanese and Chinese forces were further concentrated. Martial law was proclaimed in Peiping; and the Japanese seized and operated certain northern railway lines whose services had been suspended by the Chinese. Statements were issued officially by both Governments and military headquarters, which conflicted widely in allegations, facts and explanations. It was increasingly felt however that the military situation had developed so far that diplomacy was of no further use; the Japanese Foreign Office spokesman admitted that the matter was entirely in the hands of the military authorities for adjustment. Nominal efforts were made to localize the incident, but the despatch of divisions from Japan proper and mobilization of Central Armies on instructions from the Nanking Government pointed toward an enlargement of scope and intervention on a national scale.

8. On the afternoon of the 12th T.I.H. the Emperor and Empress returned from their Imperial Villa to Tokyo in view of the increasing gravity of the situation.

#### CONTENTIONS

9. The Chinese Embassy in Tokyo, as well as the press in China claim that the whole incident was prearranged. Circumstantial evidence supports this argument. Several Japanese secret service agents were arrested in Peiping on July 3rd; Japanese manoeuvres of a distinctly provocative character were conducted at night in a known danger zone. The Japanese Third Fleet, which had been cruising in South China waters, returned to Shanghai conveniently at 6 A.M. on July 11th. In Tokyo on July 11th the rapidity of governmental action, the prompt appointment of a new Commander-in-Chief of the North China Garrison, his departure for Peiping a few hours later, the decision to

despatch more troops and their departure within 24 hours, and the rapid succession of conferences, cabinet meetings and Imperial audiences seem to indicate that preparations had already been fairly well laid. The day's developments proceeded hour by hour with almost clocklike regularity. Furthermore, it is pointed out that the Diet is shortly to convene in Tokyo, that consolidation of public opinion and party parliamentarianism in support of the Government is essential, that a *fait accompli* in North China would be expedient before the Diet session opens, and that the time for a march on North China is now propitious.

10. It is perhaps significant to note that in Japan almost all responsible officials were accessible in Tokyo, but in China Chiang Kai-Shek was at his summer headquarters at Kuling, General Ho Ying-ching, the War Minister, was in Szechuan, (hurriedly flying back to Nanking on July 11th), and General Sung Cheh-yuan, head of the Hopei-Chahar Council and Commander of the 29th Army, was absent in Shantung.

11. On the other hand, the Japanese claim that violent anti-Japanistic agitation has been renewed in China in recent weeks, and that Chiang Kai-Shek has not attempted to check it, that there is evidence of a contemplated plan of attacks on Japanese in North China, that the Chinese deliberately took provocative and premeditated action, and that their repeated assurances of moderation were repeatedly disregarded in practice. It is not yet evident, however, whether the clashes were precipitated at the instigation of the Hopei-Chahar provincial authorities, possibly with Nanking's approval; or whether they were the result of anti-Japanese outbreaks of local Chinese units who took unauthorized action contrary to the verbal truce agreements, and thus might be considered to be out of control.

12. Unlike the Manchurian Incident, there seems to be a tendency to disregard as unimportant the immediate details of the Incident itself, and the question of 'who fired the first shot'? The broader issues outweigh these minor questions on which no concurrence is possible. The Japanese Government, however, has attempted to exonerate itself by claiming legality in holding its military manoeuvres, by reference to the provisions of the Boxer Protocol of July 15th 1902 (see despatch No. 272 of December 4th 1935) together with an exchange of notes between the Japanese Ambassador and the Chinese Government of the same date regarding the retrocession of Tientsin (an annex to the Boxer Protocol) which declared that the foreign troops are at liberty to carry out drills and exercises in the district concerned, provided only that when live cartridges are used, they shall give advance notice to the Chinese authorities concerned. The despatch of additional divisions from Japan to North China is explained by the Tokyo Government as being not based on treaty rights, but on the necessity of self-defense or protection of Japanese residents.

I have etc.

E. D'ARCY MCGREER

810.

*Le chargé d'affaires au Japon au secrétaire d'État aux Affaires extérieures*  
*Chargé d'Affaires in Japan to Secretary of State for External Affairs*

DESPATCH 327

Tokyo, July 15, 1937

In continuation of my despatch No. 324 of July 14th concerning the "North China Incident", I have the honour to inform you that the situation has increased in gravity and is being taken most seriously in both China and Japan. It is believed that neither side wants war; but that the tense situation and concentration of troops has now reached a point in which a mutual withdrawal, a peaceful solution and a return to normal relations is seemingly impossible.

2. The Japanese have despatched, up to July 12th, three divisions of reinforcements from Japan Proper, and an unknown number from Korea and Kwantung. Mr. Hirota who formerly declared that there would be no war while he was Foreign Minister, made his first official pronouncement on the incident on July 13th in Osaka, when—speaking as Foreign Minister, Vice Premier, and head of the Planning Board,—he said that Japan is obliged to send troops to North China as it is impossible otherwise to protect the many Japanese residents there, but as soon as the situation returns to normal, the despatched troops will be withdrawn.

3. The Chinese National Government following an emergency conference at Kuling, issued on July 12th mobilization orders to the Central Army forces stationed in Shensi, Honan, Hupei, Anhwei and Kiangsu Provinces. It is believed that this is partly for the purpose of protecting the trunk railway lines running through these provinces to North China. An amergency conference was also called by General Sung Cheh-yuan, chairman of the Hopei-Chahar Political Council, at Tientsin on the 12th. He is Commander-in-Chief of the violently anti-Japanese 29th Army; but his affiliation with or submission to Nanking has been equivocal. It is reported to-day that he is privately attempting to negotiate a peaceful settlement with General Kiyoshi Katsuki, Commander of the North China Japanese garrison. General Chiang Kai-shek is reported to have decided on a policy coupling the pursuance of peace efforts with full war preparations. It is believed that he cannot very well retreat from the present military position without seriously losing face and prestige throughout the Chinese nation, especially among the aroused army and the student class.

4. Unrest is growing in Shanghai and other Chinese main centres; the stock markets have been extremely irregular and depressed, and evacuation of Japanese civilians from Peking is now in progress, while other Japanese have been warned to be prepared to evacuate danger zones throughout China if necessary.

5. The Foreign Office spokesman Mr. Tatsuo Kawai yesterday stated, in answer to enquiries by foreign press correspondents, that Japan would not welcome the intervention of Foreign Powers, and reserved its attitude regarding any mediation offers by Foreign Powers.

6. Yesterday also at a special meeting of the Privy Council the War Minister and the Foreign Minister outlined the situation and the Government attitude. General Sugiyama said that "The Government is firmly determined to maintain peace in East Asia at any cost and, for that purpose, to adhere to the principle of not magnifying the situation". Mr. Hirota said, "We think it deplorable to be forced to give up negotiations with General Chiang Kai-shek's regime". The Privy Councillors expressed the hope "that Government will adhere to the principle of minimizing the incident as much as possible", and while supporting the Government, urged a cautious policy. In general there appears to be unanimity of all circles, political, financial, parliamentary and press, in supporting the Japanese Government in the present crisis; but there is at the same time believed to be some division of opinion within official circles as to whether extreme steps against China should be launched at the present time or whether a general policy of positive pressure in North China should be deferred for one or two years in view of the economic difficulties now facing Japan.

I have etc.

E. D'ARCY MCGREER

811.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 59

London, July 28, 1937

CONFIDENTIAL. My telegram of the 24th July, Circular B. 58.<sup>1</sup> Situation in North China has taken turn for the worse as a result of renewed fighting in the neighbourhood of Peking for which each side blames the other. This renewal of fighting is perhaps the almost inevitable consequence of fact that Chinese and Japanese have totally different views not only on at what rate bargaining is to be carried out, but even of bargaining itself. The Japanese are impatient to see their ideas of bargaining speedily implemented, while Chinese are possibly being a little dilatory in carrying out promises which they think they have given. In the circumstances it is not surprising that hostilities break out more especially when it is borne in mind that neighbourhood must be liberally dotted with isolated Chinese and Japanese military detachments under varying degrees of control by units to which they nominally belong.

So long as these conditions prevail outbreaks of fighting will continue and possibility of calamitous developments will remain. If there is anything hopeful in this crisis in Sino-Japanese relations it is that both Governments still profess to be anxious to reach a peaceful settlement.

<sup>1</sup> Non reproduit/not printed.

812.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 66      London, August 14, 1937

CONFIDENTIAL. My telegram Circular B. 64, August 10.<sup>1</sup> In North China military operations have been commenced by Japanese against Chinese with the object of protecting their right flank by dislodgment of Chinese forces from Nankow, about 40 miles west of Peking. The fighting precisely at present uncertain but according to press reports Nankow village though stationary, Chinese defence works behind it has been occupied by Japanese.

But centre of gravity of general Sino-Japanese crisis has shifted to Shanghai area. The death of two Japanese marines as a result of an affray near an aerodrome outside of Shanghai city boundary has provoked Japanese to strengthen their forces in the neighbourhood by the despatch of considerable naval and land reinforcements. A demand by Japanese authorities to Chinese forces to withdraw from Shanghai area has not been complied with and reports from His Majesty's Ambassador at Nanking shows Chinese are in no mood to make any concession. The situation is thus very critical and has been rendered still more so by fighting which, according to press telegrams, has broken out in Hongkow, a locality to the north of International Settlement.

In these circumstances instructions have been sent to His Majesty's Ambassador at Nanking and His Majesty's Chargé d'Affaires at Tokyo to follow up their recent representations by impressing upon Chinese and Japanese Governments once more in the strongest terms the importance of avoiding hostilities in Shanghai. The two Governments are to be told that each side is under the strongest moral obligation to refrain from any act likely to lead, whether through their own immediate fault or that of other party, to such hostilities and to incalculable danger which will ensue to many thousands of foreigners in no way concerned; that responsibility cannot be avoided by argument as to who started fighting or if technical right exists to have troops on the spot; and that both sides will be responsible for disastrous results which cannot humanly speaking be avoided if their present attitude is maintained.

It is being represented to Japanese Government in particular that it is a glaring contradiction of their assurances to imperil Shanghai as they have done by measures recently taken simply as it would seem because two members of their landing party had been killed far outside city boundary; that it is their duty to their own good name and to the rest of the world to avoid not only recurrence of such incidents but exaggerated measures as they occur and in general such disposition and use of their forces as will lead to Chinese counter measures; that under this heading certainly comes the use of Inter-

<sup>1</sup> Non reproduit/not printed.



national Settlement as a base in any form; and that they ought rather to take every possible measure to prove to Chinese that serious action is not intended at Shanghai.

To Chinese Government will be pointed out folly and inconsistency of bringing their troops into contest with Japanese at Shanghai; and that they cannot ultimately do themselves any good by such action but will in fact only increase danger of the Japanese ultimately controlling base at Shanghai while endangering city itself and countless foreign lives in it.

The United States Secretary of State spoke yesterday to Japanese Ambassador in general sense of paragraph 4 above and United States Ambassador at Tokyo has throughout crisis made parallel representations to those of His Majesty's Chargé d'Affaires.

A battalion of British troops is being sent from Hong Kong to Shanghai and Commander-in-Chief of China station, who is on his way there, has been asked for an appreciation of position as regards protection of British rights and property and his views on the question of possible evacuation.

Message ends.

813.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 18, 1937

JAPANESE—CHINESE DISPUTE

*Possible application of Canadian "Neutrality Legislation"*

I telephoned this morning to Mr. Scully on the above subject. I told him I thought the Canadian Government might have to consider shortly the question whether under the revised Section 290 of the Customs Act and the new regulations set up thereunder, it would be desirable to prohibit shipment of arms and munitions to Japan and China. I assumed it would be very unlikely that the Government would wish to take such action before it was clear that the conflict was a full-fledged war and not a local incident, or before action had been taken by the United States or the United Kingdom. In the meantime the new regulations would appear to meet the situation, since no shipment could be made without a special licence, and if any licence were applied for, the question could be considered even before a general order was passed.

Mr. Scully said there had been no application for shipments since the conflict had broken out. Just before that, there had been a request from the Fleet Aircraft people in Fort Erie, regarding an order from China for twenty

<sup>1</sup> De/by O. D. Skelton.

or forty training planes of a limited 80 to 90 mile an hour speed and not adaptable for bombing. He said the Minister saw no objection to their going ahead with this order on the understanding that they would have to take the consequences if a general embargo were declared. Mr. Scully was not aware whether the order had actually been taken.

## 814.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 81 London, September 4, 1937

IMPORTANT. SECRET. My circular telegram B. 74, August 27,<sup>1</sup> concluding paragraphs.

We have had under consideration question of measures to be taken in the event of Japanese naval vessels attempting to interfere with foreign merchant vessels. We have been warned by Japanese that if Chinese resort to action such as the misuse of flag foreign ships might have to be examined and at least two British ships have already been stopped.

We are anxious to avoid a situation in which Japan might institute a blockade and claim very extensive rights of search and condemnation including right to take British ships into Japanese ports. To this end in order to prevent so far as possible misuse of British flag we consider it would be highly desirable that no objection should be raised to Japanese examining British ships on the High Seas for purpose of verifying flag.

For this purpose it is in contemplation:

(1) To instruct Royal Navy ships that if a ship is flying the British flag in their presence they should, if requested to do so by a Japanese warship, verify right of ship to fly the British flag.

(2) To arrange for Masters of British merchant ships to be advised that if they are requested to stop by a Japanese warship, and none of His Majesty's ships is present, they should allow Japanese to board the ship and examine certificate of registry provided an immediate report is made to British naval authorities.

(3) To reserve claim for compensation for damage sustained by owners of British ships delayed or stopped under this procedure.

It is the present feeling that these proposals should not be communicated to Japanese Government and it is understood that United States Government share this view.

<sup>1</sup> Non reproduit/not printed.

815.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

PARAPHRASE OF TELEGRAM 50

Ottawa, September 7, 1937

IMMEDIATE. SECRET. Your telegram circular B. 81 and also Nos. 49<sup>1</sup> and 50<sup>1</sup> of the 4th September, Secret, respecting proposals which would enable Japanese naval vessels to examine ships to verify their national character.

The Canadian Government are prepared to agree to proposals so far as ships on Canadian registry are concerned and to give advice accordingly to Masters of such ships if such advice is given to Masters of United Kingdom ships by the United Kingdom Government. With regard to claims for compensation for damage sustained by owners of Canadian ships delayed or stopped under the proposed procedure, question of Canada communication to Japanese Government and occasion for making it will be considered. In this connection we should be glad to know what procedure United Kingdom contemplate.

According to information presently available the only ships on Canadian registry trading to the Far East at this time are the Canadian Pacific liners "Empress of Russia" and "Empress of Asia". There might be a few not on regular schedules but merely chartered for a voyage of which the Departments concerned have no present knowledge. Message ends.

816.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 65

Geneva, September 14, 1937

Secretary-General has circulated Chinese Government's letter of September 12th, Appeal to the League under Articles 10, 11 and 17 of the Covenant. Probability of Advisory Committee, set up on February 24th, 1933, to follow Sino-Japanese dispute, on which Canada and United States represented, being consulted in this connection.

817.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 68

Geneva, September 17, 1937

IMPORTANT. My telegram No. 65, September 14. In private yesterday Council decided to refer China's appeal against Japan to Advisory Committee

<sup>1</sup> Non reproduits/not printed.

mentioned in my above telegram and instructed Secretariat General of the League of Nations to take necessary steps to convene that Committee as soon as possible. Committee will have before it in addition Chinese Government's notes of August 30th and September 12th (C. 342, M. 232, 1937; C. 376, M. 253, 1937; C. 377, M. 254), as well as Wellington Koo's speech in Assembly on September 15th, and his statement at Council table yesterday. In Council Wellington Koo recalled three possibilities of action by the League mentioned in his Assembly speech, namely:

(a) Clear denunciation of policy of continued armed aggression in flagrant violation of International Law and treaty obligations;

(b) Expressed repudiation of the illegal blockade of coast of China jeopardizing established right of navigation and commerce; and

(c) Condemnation of bombing from the air by Japanese aeroplanes of Chinese and foreign non-combatants. Wellington Koo reserved his right to request action under Articles 17 and 10. . . .

818.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM 76

Geneva, September 19, 1937

MOST IMMEDIATE. SECRET. Following for the Prime Minister from Dandurand, Begins: Delegation has been asked if Canada would take Chairmanship of Sino-Japanese Committee meeting Tuesday, provided Government of the United States accepts full membership. Ends.

819.

*Le secrétaire d'État aux Affaires extérieures au conseiller [SDN]*  
*Secretary of State for External Affairs to Advisory Officer [L. of N.]*

PARAPHRASE OF TELEGRAM 24

Ottawa, September 19, 1937

IMMEDIATE. SECRET. Your telegram September 19th, No. 76. Following for Dandurand from the Prime Minister, Begins: There are general objections to Canada accepting responsibility of Chairmanship which should not be accepted on any account. Ends. Message ends.

820.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM 85

Geneva, September 23, 1937

MOST IMMEDIATE. SECRET. Following from Senator Dandurand for the Prime Minister, Begins: On September 21st, French Foreign Minister moved

to add Australia to Advisory Committee. Cranborne consulted me before meeting; I answered Canada was ready to give Australia its seat. He replied, of course, no! Perhaps had in mind what I casually learned today from another high source that setting up of a Sub-Committee composed of nations on the Pacific may be proposed to study situation. If so could Canada urge good reason to refuse to serve? Message ends.

821.

*Le secrétaire d'État aux Affaires extérieures au conseiller [SDN]  
Secretary of State for External Affairs to Advisory Officer [L. of N.]*

PARAPHRASE OF TELEGRAM 29

Ottawa, September 23, 1937

IMMEDIATE. SECRET. Following for Senator Dandurand from the Prime Minister, Begins: With reference to question of Sub-Committee referred to in your telegram of the 23rd September, No. 85, Secret, I may say that colleagues and I deem it inadvisable to have such a Sub-Committee formed or to have Canada represented on it if one is formed. Ends. Message ends.

822.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures  
Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 101

Geneva, October 1, 1937

Following from Senator Dandurand, Begins: Committee of Twenty-Three today set up Sub-Committee of Australia, Belgium, United Kingdom, China, Ecuador, France, Netherlands, New Zealand, Poland, Sweden, U.S.S.R., United States, and Latvia. Terms of reference:

- (1) "To examine situation arising out of Sino-Japanese conflict in the Far East";
- (2) Discuss questions involved;
- (3) To submit to Committee such proposals as it may think fit.

Chinese presented Resolution reviewing Japanese hostile acts, referring to Washington Treaty of 1922 and Pact of Paris of 1928, and condemning violation of International Law and contractual obligations and blockade of Chinese coast, and stating the facts constituted a case of external aggression under Article X of the Covenant. This Resolution has been referred to Sub-Committee.

823.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM 103

Geneva, October 1, 1937

**MOST IMMEDIATE. SECRET.** Following from Senator Dandurand, Begins: In the event of unanimous report of aggression by Sub-Committee, I intend, when it comes before Main Committee to support said report.

Should there be no general agreement in Sub-Committee and serious division of opinion in Main Committee so that question is forced to a vote, I should appreciate early instructions. I am inclined to adopt same attitude as Great Britain and United States. Message ends.

824.

*Le secrétaire d'État aux Affaires extérieures au conseiller [SDN]*  
*Secretary of State for External Affairs to Advisory Officer [L. of N.]*

PARAPHRASE OF TELEGRAM 32

Ottawa, October 1, 1937

**MOST IMMEDIATE. SECRET.** Your telegram October 1st, Secret, No. 103. Following for Senator Dandurand, Begins: While in general agreement with the views you have outlined consider that specific instructions cannot be sent in advance of consideration here of Sub-Committee's report. Please cable brief summary of Sub-Committee's report as soon as issued together with any observations you consider necessary. Earliest consideration will then be given and reply sent. Failing ability to send information requested above, you may take it that views outlined in your telegram under reference would be concurred in. Message ends.

825.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM 105

Geneva, October 4, 1937

**MOST IMMEDIATE. SECRET.** I understand that Sub-Committee on Sino-Japanese dispute adopted this afternoon a statement of facts prepared by Secretariat and that Secretariat has further prepared for Sub-Committee draft conclusions which include statement that Japanese action is out of proportion to incident that occasioned conflict; that Japan has invaded China, imposed blockade and opened hostilities by land, sea and air; that these acts cannot be justified by existing legal instruments nor by argument of self-defence;

that they are contrary to obligations of Japan under Washington Treaty and Pact of Paris; that although both parties declare preference for pacific settlement Japan shows no disposition to do so. Draft conclusions avoid use of word "aggression" and express hope for armistice to enable mediatory action.

826.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 110

Geneva, October 6, 1937

MOST IMMEDIATE. EN CLAIR. End of second Report of Far East Advisory Committee to Assembly reads as follows:

Committee notes that under Nine Power Treaty signed at Washington, Contracting Powers, other than China, agreed *inter alia* to respect Sovereignty, independence and territorial and administrative integrity of China, and that all Contracting Powers including China agreed that whenever a situation should arise which involved application of the stipulations of the Treaty and rendered desirable discussion of such application, there should be full and frank communication between the Powers concerned. It appears therefore to the Committee that first step which Assembly should take in name of League would be to invite those members of League who are signatories of Nine Power Treaty to initiate such consultation at earliest practicable moment. Committee would suggest that these members should meet forthwith to decide upon best and quickest means of giving effect to this invitation. Committee would further express hope that the States concerned would be able to associate with their work other States which have special interests in Far East to seek a method of putting an end to conflict by agreement.

The States thus engaged in consultation may at any stage consider it desirable to make proposals through medium of Advisory Committee to Assembly. Committee recommends that Assembly should not close its session and should declare League's willingness to consider co-operation to the maximum extent practicable in any such proposals. Advisory Committee should in any case hold a further meeting whether at Geneva or elsewhere within a period of one month.

Pending the results of action proposed, Committee invites Assembly to express its moral support for China and to recommend that members of the League should refrain from taking any action which might have the effect of weakening China's power of resistance and thus of increasing her difficulties in present conflict and should also consider how they can individually extend aid to China. Message ends.

827.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 111

Geneva, October 6, 1937

**MOST IMMEDIATE. EN CLAIR.** Advisory Committee submits following draft Resolution for approval of Assembly.

Assembly adopts as its own the reports submitted to it by its Advisory Committee on the subject of the conflict between China and Japan; approves the proposals contained in the second of the said reports and requests its President to take the necessary action with regard to the proposed meeting of the members of the League which are parties to the Nine Power Treaty of Washington of February 6th, 1922; expresses its moral support for China and recommends that members of the League should refrain from taking any action which might have the effect of weakening China's power of resistance and thus of increasing her difficulties in the present conflict and should also consider how far they can individually extend aid to China; decides to adjourn its present session and to authorise the President to summon a further meeting if the Advisory Committee so requests. Message ends.

828.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 112

Geneva, October 6, 1937

**MOST IMMEDIATE.** Following from Senator Dandurand, Begins: During discussions of Committee of Twenty-Three, I reserved my approval of Reports and Resolutions pending instructions from my Government. At Assembly meeting other delegations (Union of South Africa and Norway) declared they would have to abstain because they had not time to study proposals or to consult their Governments. They suggested that Assembly adjourn until tomorrow, Wednesday, and I proposed 4.00 p.m.

In view of consultation clause of Nine Power Treaty to which we subscribed and in view of terms of Resolution before Assembly, it would seem we cannot refuse (a) moral support to victim, (b) recommendation not to weaken China and (c) consideration by each State of aid which it can individually extend to her. It is expected Assembly will adopt proposal without any dissenting vote.

I am advised that United States of America will accept invitation of United Kingdom to Nine Powers but I have no firm assurance to that effect.

Please cable reply without delay. Message ends.



829.

*Le ministère des Affaires extérieures au conseiller [SDN]  
Department of External Affairs to Advisory Officer [L. of N.]*

TELEGRAM

Ottawa, October 6, 1937

MOST IMMEDIATE. PRIORITY. Your telegrams Nos 110, 111 and 112 Sino Japanese situation. Following for Senator Dandurand, Begins: You are authorized to vote for draft Resolution. Entirely approve your approval Report and Resolution. Ends.

830.

*Le ministre de Belgique au secrétaire d'État aux Affaires extérieures  
Belgian Minister to Secretary of State for External Affairs*

No. 1108

Ottawa, le 16 octobre 1937

## NOTE VERBALE

Le Ministre de Belgique au Canada a été chargé par son Gouvernement de faire au Gouvernement du Dominion la communication suivante:

Donnant suite à une demande du Gouvernement de Grande-Bretagne faite avec l'approbation du Gouvernement des États-Unis d'Amérique, le Gouvernement du Roi propose aux états signataires du Traité du 6 février 1922 de se réunir à Bruxelles, le 30 de ce mois, à l'effet d'examiner, conformément à l'article 7 de ce Traité, la situation en Extrême-Orient et d'étudier les moyens amiables de hâter la fin du conflit regrettable qui y sévit.

Le Baron Silvercrucys serait reconnaissant au Très Honorable W. L. Mackenzie King de bien vouloir lui faire savoir si le Gouvernement canadien serait disposé à participer à cette réunion.

831.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions  
Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 54

Ottawa, October 17, 1937

Following from the Prime Minister for the Secretary of State for Foreign Affairs. Begins: Could you advise me as to whether there is any possibility of Japan being represented at the Brussels Conference on October the 30th; also if Japan is not represented, what the probable course of procedure with respect to mediation may be? Would it be at all possible to indicate the probable duration of the Conference itself? I am carefully considering Canada's representation, and should be grateful for any information you may be able to let me have or suggestion you might be willing to make, which would assist me in deciding on Canada's personnel. Ends.

832.

*Le secrétaire d'État aux Affaires extérieures au ministre de Belgique*  
*Secretary of State for External Affairs to Belgian Minister*

No. 14

Ottawa, October 18, 1937

Sir,

I have the honour to acknowledge the Note Verbale No. 1108 of the 16th October, 1937, which you were so good as to leave with me, conveying the invitation of the Government of Belgium to the Government of Canada to participate in a Conference of representatives of the States signatory to the Treaty of the 6th February, 1922, to be held in Belgium on the 30th of this month, for the purpose of examining, in conformance with Article VII of the Treaty, the situation in the Far East, and studying the friendly means of hastening the end of the unfortunate conflict which is taking place there.

Confirming our conversation on this subject, I have the honour to state that the invitation of the Belgian Government is appreciated and that the Canadian Government is pleased to accept it and will be represented at the Conference.

Accept etc.

W. L. MACKENZIE KING

833.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 114

London, October 18, 1937

IMMEDIATE. CONFIDENTIAL. Following is summary referred to in my immediately preceding telegram,<sup>1</sup> Begins: First objective of Brussels Conference must be to reach peace by agreement. It is still uncertain whether Japan will attend, and in her absence it is doubtful whether this object can be attained unless or until some considerable changes occur in Japan's military or economic position. Conference may thus be faced with choice of;

(a) Deferring any action in the hope that such a change will supervene.

(b) Expressing moral condemnation of Japan, without taking or promising any positive action.

<sup>1</sup> Non reproduit/not printed.

(c) Embarking on positive action in the form either of active assistance to China or of economic pressure upon Japan.

Both (a) and (b) are open to obvious objection that they are tantamount to acquiescence in aggression. Either course could only serve as encouragement to peace-breaker. Course (b) has additional disadvantage that it would further exasperate opinion in Japan to no purpose.

In these circumstances it would seem necessary for all Governments to go to Brussels realizing the full implications of course (c). So far as assistance to China is concerned, (even if United States neutrality laws were not an insuperable objection to it in the case of that country) it must be remembered that there are material difficulties in the way of rendering assistance. If it is to be effective it must directly or indirectly involve supplying China with war material. The sea route is, or will shortly be, the only practicable one, and if such supplies were to reach China on a scale large enough to affect issue of hostilities, it is hardly conceivable that Japan would not extend blockade to neutral ships. Alternatives of acquiescing in this extended blockade or of keeping sea route open by armed force would then have to be faced.

So far as economical measures against Japan are concerned, a preliminary investigation suggests they might be effective if they were applied by all countries of British Commonwealth, the United States of America and some six or eight other countries provided satisfactory measures would be evolved to prevent evasion through third parties and provided that measures extended both to imports and to exports. We are pursuing our own study of this matter and will be happy to discuss it in all its aspects. Whether economic measures would become effective in time to affect issue of war, unless China were simultaneously assisted, is perhaps doubtful. But, irrespective of this, it would seem that if sanctions appeared likely to succeed in their object, there would be a very real danger of Japan taking violent action to prevent their success, either by making war on one or more of sanctionist countries or by seizing territory of some other Power from which essential [*sic*] war materials could be derved [*sic*]. In view of this danger, it appears that no country could afford to impose effective sanctions unless it first received from other participating countries an assurance of military support in the event of action by Japan. It would also be necessary to guarantee territorial integrity of third parties. If such assurance were forthcoming it is possible, although of course not certain, that Japan would be deterred from taking any such action, and that knowledge that sanctions would eventually prove successful might lead her to consider a peace.

These are briefly the considerations which present themselves to His Majesty's Government in the United Kingdom in their preliminary examination of problem. They are, however, not a statement of policy, but an appreciation of difficulties which must be faced and discussed if possible before Brussels Conference meets. For this reason it is hoped that United States delegation will be able to call here on their way to Brussels. Ends.

834.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 62

London, October 19, 1937

CONFIDENTIAL. Your telegram No. 54. Following for Prime Minister from Secretary of State for Foreign Affairs, Begins: Many thanks for your message. Definite answers to your questions very difficult. Following is the best that I can do. We have as yet no indication of attitude of Japan towards Conference and it is hard to attempt a forecast. Considerations as to problems likely to face Conference are set out fully in Circular telegram B. 114 of today [*sic*] from Secretary for Dominion Affairs. Duration of Conference itself will clearly depend largely on whether Japan is represented or not: if she is it might last some time: if she is not, it might last only a short time or might cover a longer period with intervals for replies to communications sent on its behalf to Tokyo, or for results of negotiations which it might entrust to one or more of Governments represented at the Conference.

As regards representation it is our view that delegates should be strong, and our own will be headed by a Cabinet Minister. United States Government are sending Mr. Norman Davis but we have no information as yet about other foreign countries. We understand that Commonwealth of Australia and New Zealand are to be represented by their High Commissioners in London. Ends.

835.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET

October 20, 1937

The London telegrams of October 18th re Brussels Conference are clearly of great importance.

They indicate that the first objective of the Conference will be to reach peace by agreement, and that in Japan's absence it is doubtful if this can be attained unless Japan's position becomes worse. There is nothing in these views that had not been anticipated.

They next point out that "the Conference" may be faced with certain alternatives, including sanctions. Nothing is said regarding the procedure to be adopted in bringing the mediation proposals before the Japanese (and Chinese) Government,—presumably by diplomatic action— or as to whether Japan is likely to reject mediation proposals out of hand or return a stalling answer. In any case, it assumes the Conference will remain at Brussels till the answer is given.

<sup>1</sup> Au Premier ministre for Prime Minister.

The important feature is what follows—rejection of the policies of (a) deferring action and (b) limiting action to moral condemnation of Japan. The reasons given for rejection are not conclusive—any policy may be open to objection; (a) and (b) clearly are, but the real question is whether the alternative policy (c) is still more open to objection. (a) and (b) cannot be summarily ruled out in favour of a policy of sanctions when the Nine-Power Treaty provides only for consultation without any reference to sanctions. It has no Article Sixteen. The invitation to the Conference, which we and others accepted, was limited to consideration of mediation and peaceful means of ending the conflict. It is surely not suggested that the Nine-Power Conference members may, like Japan, have to go to war to save face.

The discussion of sanctions which follows is realistic. It might almost be said to be a *reductio ad absurdum* of the policy. It is definitely stated not to be a policy, but an appreciation of difficulties. The statement is open to several interpretations, but perhaps the key to it is contained in the memory of the Manchurian episode. Stimson, then United States Secretary of State, was prepared to go farther in blocking Japan than the British Foreign Office,—though the Foreign Office contended it would not go the necessary full length, that congress could not be depended upon to back up Stimson any more than it did Wilson, and that they were not going to be caught out on a limb. It will be recalled that Stimson in a book published this spring laid the responsibility for the failure to stop Japan on the doorstep of the Foreign Office; that the Foreign Office contended in private it had a perfectly good answer, but that to preserve good relations it would not make it public.

The Foreign Office, it would appear, is now determined it will not allow the United States to get the jump on it again, or to talk vaguely of “quarantine” or “pressure” without realizing just what effective pressure means—hard and fast military commitments in advance.

Two forms of pressure and their consequences are considered.

First, positive assistance to China—direct provision of arms and munitions by the co-operating governments. It is hardly possible to question the view taken in the telegram that Japan would try to intercept such shipments, and a direct clash would be inevitable. It is equally undeniable that such action would be contrary to the United States Neutrality Act, which would have to be repealed or overridden by special action.

Second, sanctions of the Ethiopian type; prohibition of imports and exports. These, if imposed by the members of the British Commonwealth, the United States and six or eight other countries, would, it is stated, be very effective. It is added, however, that it is doubtful whether they would be effective in time to do any good to China. Further, they would likely lead to retaliation or seizure of alternative sources of supplies (e.g. Dutch East Indies), unless definite undertakings given in advance by every participating country of military support to every other. Even that would not be certain to give results.

This boils down to saying that before anyone talks of putting pressure on Japan there must be a definite undertaking from the United States Congress that it will line up in a military alliance with each and all of some dozen countries, chiefly the United Kingdom. It also means that in view of the British commitments and hazards in Europe, particularly in the Mediterranean and the Near East, and with the whole Arab and Moslem world being incited against England, the British fleet would not be able to spare very many ships for Singapore, and that the brunt of the responsibility would therefore fall on the United States.

It is difficult to imagine that the British Government believes that the United States Congress or Senate could be induced, even after prolonged and bitter debate, (with the 9-Power Conference kicking its heels), to give in advance a firm undertaking of military alliance such as is suggested. The United States might drift into war, might start on a course of which war would be the logical if unavowed ending, but it is hardly conceivable it would openly pledge itself to war in advance.

Of course, if it will, and will bear the brunt of the war, the United Kingdom gets a useful chore in the Far East done cheaply.

If it isn't prepared to do so, the United Kingdom proposal will prevent any more Stimson books being written.

Presumably it will not be necessary to reply until the end of this or the beginning of next week.

836.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

TELEGRAM 74

Ottawa, October 21, 1937

CONFIDENTIAL. Following from Prime Minister for Senator Dandurand. Begins: Colleagues and I have been carefully considering what is most advisable with respect to the representation of Canada at the Brussels Conference. Much of necessity will depend on length of time the Conference is likely to take, and what may develop in the course of its proceedings. We would like you to represent Canada at the Conference when its proceedings open and continuously unless developments should occasion some other arrangement. We are considering who it may be best to associate with yourself as adviser. Mr. Christie would be our natural choice. As, however, Dr. Skelton has been indisposed for some time and may not be back at the Office for some weeks, it would be difficult to spare Mr. Christie just at present. Moreover, my colleagues and I feel it is very desirable to have the benefit of his experience and judgment here. Other names we have been considering are: Vincent Massey, and Hume Wrong who has recently gone to Geneva. Perhaps you would let me know who you would like to have associated with

yourself. The fact that Mr. Wrong has been so closely in touch with affairs in Washington and is particularly skilful in the drafting of communications and preparation of reports, as well also because of his position as Canadian Advisory Officer at the League of Nations, we have felt that he would be particularly helpful to you. I assume you will be able to secure, from our Legation in Paris or High Commissioner's Office in London, or both, such secretarial and stenographic assistance as you may require. Ends.

837.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET

October 23, 1937

RE: NINE POWER TREATY CONSULTATIONS AND BRUSSELS CONFERENCE

In attempting to assess the value of the Conference and consultations and to estimate realistically their role and how they may develop, the following consideration is submitted. Their function is now laid down as that of conciliation. Essentially, considering closely the real nature of each Government's responsibility, it might be said that there are two distinct kinds of conciliation involved.

First, there is the problem of Sino-Japanese reconciliation if and when events present a favourable opportunity.

The second kind of conciliation is one which probably no Government can avow explicitly, but which many responsible people may regard as even more vital and important than the first. It perhaps may be said to have a double aspect. Each Government participating in the Conference has a separate task of conciliating the tensions between its own internal elements, namely, the war-like idealogues and doctrinaires and the adventurers versus the steadier elements. This tension in turn progressively affects each Government's necessary responsibility for continuous though informal conciliation between its own people and those of *both China and Japan* respectively. In order to facilitate this second kind of conciliation in its double aspect, to have in existence such an improvised device as this Conference (alternating perhaps with less formal periods of consultations, which can be confined within the definition of "Nine Power Treaty consultations") may well turn out to be useful. It may be regarded as a device like the Spanish Non-Intervention Committee. It may sometimes—as in the Spanish case—be driven to improvisations and to what may appear to some exasperated nerves as unjustifiable procrastinations; but if it can help to hold the whole world situation as steady relatively as the Spanish Committee has so helped, events may in the end present the favourable "break" for the first kind of conciliation, i.e., between Japan and China. Though it may take time, no one can take the responsibility of asserting that such a break is definitely inconceivable.

<sup>1</sup>L. C. Christie au Premier ministre/L. C. Christie to Prime Minister.

Viewed from every possible practical angle, it must be said that conciliation in some such sense as the above definitely holds the field. The other alternatives on analysis all break down on some vital practical point or points.

838.

*Le secrétaire d'État aux Affaires extérieures au conseiller [SDN]  
Secretary of State for External Affairs to Advisory Officer [L. of N.]*

TELEGRAM 36

Ottawa, October 25, 1937

Government are appointing you to Canadian Delegation to Brussels Conference on Far Eastern situation in capacity of Technical Adviser. Conference opens October 30. I regret we could not advise you earlier, but I hope it will be practicable for you to attend on such short notice. Please get in touch immediately through Paris Legation with Senator Dandurand who is to be Canadian representative. Dupuy of Paris Legation will attend as Secretary to Delegation.

839.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions  
Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 61

Ottawa, October 27, 1937

**CONFIDENTIAL.** Your telegrams Circular B. 113<sup>1</sup> and B. 114 of October 18. Following from Prime Minister for Prime Minister, Begins: We appreciate the care with which in these messages the Government of the United Kingdom have been good enough to outline the considerations and difficulties which a preliminary examination, in anticipation of the Brussels Conference, has presented to you, and we have discussed very carefully in Cabinet the problems involved.

We agree that the points raised ought to be faced and the ground cleared as far as possible by exchanges of views, such as this, between the participating countries before the Conference meets.

In the first place, we are not clear upon what basis the application of sanctions could be properly regarded as within the scope or competence of the Conference and attendant consultations.

Apart from that consideration, we recognise the force of the conclusion of your realistic analysis that, if sanctions against Japan could be considered at all, it would be an essential practical prerequisite that the participating countries should exchange assurances of military support against certain contingencies and guarantee territorial integrity of certain countries.

<sup>1</sup> Non reproduit / not printed.



If there existed a practical prospect of overwhelming support for a sanctions program established on such a basis, there might arise a state of public feeling such that detailed examination would be warranted. But in view of current indications, it appears evident that no such prospect exists. In this connection we have noted (a) your statement in House of Commons on October 21 reported in press despatches here as follows:

We know perfectly well what the conference is for—to try to restore peace in the Far East. That is sufficient to go on. It is a mistake altogether to go into this conference talking about economic sanctions, pressure and force. We are there to make peace. We are not there to extend the conflict. The first thing we have to do is to seek what means by a concerted effort can be devised to bring about a peaceful solution of the problem.

and (b) the response of the United States Government as conveyed in Dominions Office telegram Circular B. 118 of October 21.<sup>1</sup> In the same connection there is the further consideration that the essential military and territorial guarantees could not be accepted and acted upon except upon ratification in advance by United States Senate (in addition to action by both Houses of Congress to authorise economic measures); to say nothing of the summoning of parliaments or legislative bodies of such of the other participating countries whose circumstances would require similar ratifications in advance.

I may add that, so far as the Canadian Government are concerned, they are not aware of any change in the general international situation, or of any considerations which have thus far been advanced, that would warrant reversing the view they have expressed on former occasions that under existing conditions coercive or punitive methods do not offer a feasible or wise solution of such international situations as the present. And in this particular case my colleagues and myself, after full deliberation, are unable to discover any grounds that would justify us in considering the responsibility of committing the people of Canada to a course of sanctions or of seeking or giving the military and territorial guarantees in question, a responsibility in effect involving a readiness in the end to ask them to participate in a war against Japan.

As regards positive action in the form of overt assistance to China, in addition to the difficulties outlined in these messages, there would seem for consideration the likelihood that such a course, if carried out effectively in earnest, would produce contingencies practically indistinguishable from those involved in a sanctions program, but without the essential military and territorial guarantees being secured in advance.

While we have not felt entirely convinced that a formal conference necessarily offers the most useful method of carrying on the Nine Power Treaty consultations at all stages, we are clearly of the view that the Conference and consultations should regard their function as that of conciliation, the joint effort being eventually to facilitate settlement by agreement. We

<sup>1</sup> Non reproduit/not printed.

fully realise that this may imply necessity to wait for emergence of some favourable contingency in the sense of course (a) as indicated in circular telegram B. 114. Holding such a view, we would consider course (b) as obstructive in effect. Ends.

840.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 90

Paris, October 29, 1937

Following for the Prime Minister from Senator Dandurand, Begins: I am invited to the Conference of British delegates at Brussels, Tuesday afternoon, to discuss procedure, and, I surmise, possibly Chairmanship. Will leave Paris Tuesday morning. Have you any information to impart or suggestions? Ends.

841.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

October 29, 1937

## BRUSSELS CONFERENCE

*Re: Telegram of October 29th from Senator Dandurand*

This raises the perennial question regarding the extent to which delegations from different parts of the Commonwealth should appear to act as a bloc. Informal consultations with other members of the Commonwealth during such Conferences have been the practice and are useful, just as they are with the delegations of other countries. This proposal involves meeting the day before the Conference opens. If such a meeting is held it is suggested that it should be entirely informal and that it involve no more than meetings which Senator Dandurand might have that day with the delegations of other countries.

As regards the Chairmanship of the Brussel's Conference—to which Senator Dandurand's message alludes—it might be indicated that he should fall in with what appears to be the general view, particularly the view of the United Kingdom and United States Delegations.

However, in view of what was decided when a similar question arose at Geneva a few weeks ago, I suppose it would not be desirable that the Canadian Representative should accept the Chairmanship. Possibly you might wish to give him an intimation on this point.

<sup>1</sup>L. C. Christie au Premier ministre/L. C. Christie to Prime Minister.

842.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

TELEGRAM 85

Ottawa, November 1, 1937

CONFIDENTIAL. IMMEDIATE. Following from Prime Minister for Senator Dandurand, Begins: Canadian Advisory Officer, Geneva, informs me he has advised you of communication from Secretary General of League of Nations regarding proposed postponement of meeting of Far East Advisory Committee of League which under former arrangement was due to be held within one month of October 5.

As such postponement is entirely acceptable to us, we are not, in view of terms of the communication, making any reply. It may be useful, however, to give you some indication of our view regarding broad question of procedure.

In circumstances of the Far Eastern situation conciliation is the objective. A transference of proceedings or reporting back to above mentioned Committee would likely be regarded as indicating possibility of invoking or considering coercive or punitive measures and thus be obstructive.

On this and other grounds it appears advisable, so far as Canadian Government itself is concerned, that the effort should be maintained strictly in the form of Nine-Power Treaty conference and attendant consultations. This however is not to suggest ruling out such modifications of this form, if any, as may later be agreed upon with the object of widening the basis of the conciliatory effort by securing the participation of Powers presently outside.

In this connection it is to be noted further that recently United States State Department made a statement for publication that the meeting in Brussels of the Powers signatory to the Nine-Power Treaty was emphatically not taking place "under the auspices of the League of Nations". Neither United States nor others who may participate in present consultations but are not members of the League should be expected to accept any conception which might imply that the Nine-Power Treaty meeting and consultations were subject to a Committee in Geneva and liable to report back to or to have proceedings transferred to or superseded by meetings of that Committee. To insist upon such a conception would therefore be to risk, upon procedural grounds, the chances of the effort of conciliation and of securing widest basis for eventual solution.

The foregoing, while more particularly for informal use in case you should later become aware of any consideration being given to idea of convoking above mentioned Committee, will serve as further guidance on points respecting method of procedure generally. Ends.

843.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*  
*Secretary of State for External Affairs to Minister in France*

TELEGRAM 86

Ottawa, November 1, 1937

IMMEDIATE. CONFIDENTIAL. Your telegram No. 90, October 29. Following from Prime Minister for Senator Dandurand, Begins: We had not heard of proposed advance meeting of Commonwealth Delegations. I understand it relates to procedure. I assume nothing in the nature of a formal conference involving minutes or conclusions is contemplated; but rather such private and informal exchanges of information as are normal practice as between all delegations at international conferences for the purpose of expediting progress of formal sessions by eliciting more clearly and quickly the real problems for the consideration of each delegation and its government. I feel sure you have in mind undesirability of giving appearance of acting as a bloc and also that on past occasions press cables have sometimes created misunderstandings regarding meetings of this character whether in London or elsewhere.

As to questions of Conference procedure we have at present no special suggestions beyond what my other telegram of today and my preceding telegrams may involve in the procedural sphere. Subject to that consideration, it would appear suitable, as regards such questions, to fall in with what appears to be the general view, particularly that of the United Kingdom and United States Delegations.

Should any suggestion be made, however, that Canada furnish the Chairman, we are definitely of opinion that it must be declined. Ends.

844.

*Le Délégué à Bruxelles au secrétaire d'État aux Affaires extérieures*  
*Delegate, Brussels to Secretary of State for External Affairs*

TELEGRAM 3

Brussels, November 4, 1937

At the end of today's private session of Conference President (M. Spaak) summarized results as follows:

- (1) It was agreed that small Committee should be established;
- (2) Committee should study Japanese reasons for refusal to attend and prepare reply;
- (3) Committee should approach China and Japan with a view to extending its good offices. During discussion this course was supported by Davis, Eden, Delbos and other speakers. Italian delegate again suggested task of Conference was to facilitate direct negotiations between parties but did not definitely object to course outlined above.

Composition of small Committee is causing difficulty. United Kingdom, United States and Belgium will be included, addition of France and Italy may be necessary. This question and duties of Committee will be further considered at private meeting of Conference, Friday morning.

I am informed that some press cables have stated or implied United Kingdom Delegation has spoken for the whole Commonwealth in private discussions. I need not assure you that these reports are untrue. Misunderstanding arises partly from reference to 1922 Treaty as Nine-Power Treaty. You are right in expressing apprehension that separate Commonwealth conversations may give rise to wrong impression. A brief meeting of Commonwealth Delegations Thursday morning merely discussed procedure and exchanged information. Ends.

DANDURAND

845.

*Le Délégué à Bruxelles au secrétaire d'État aux Affaires extérieures*  
*Delegate, Brussels to Secretary of State for External Affairs*

TELEGRAM 7

Brussels, November 12, 1937

CONFIDENTIAL. Meet Saturday to consider Japanese refusal of all cooperation which ends possibility of mediation by Conference. Procedure under consideration is that representatives of the United Kingdom, United States and France should state their position, regretting Japan's violation of Treaty obligations, asserting rights and interests of other countries in ending the war, and proposing that delegations should consult their Governments on future action of Conference. Declaration to this effect would then be submitted to Conference, and on its approval Conference would adjourn for several days to permit receipt of instructions. Ends.

DANDURAND

846.

*Le secrétaire d'État aux Affaires extérieures au Délégué à Bruxelles*  
*Secretary of State for External Affairs to Delegate, Brussels*

TELEGRAM 4

Ottawa, November 13, 1937

IMMEDIATE. Your telegram No. 7, November 12, was received at office shortly after nine o'clock this morning. Hour of conference meeting today not known but press reports indicate possibility of meetings both morning and afternoon. In the circumstances it has been impossible to consult my colleagues even by telephone.

A procedure which contemplates the Government approving a formal declaration of such importance of which the language is not known is ob-

viously inappropriate. In the circumstances set forth in your telegram the appropriate procedure would seem to be that, if a formal declaration is thought useful, it should be made by the representatives of the countries you mention, whereupon the Conference could simply take note of it and submit it for the consideration of all the Governments represented during an adequate adjournment.

847.

*Le Délégué à Bruxelles au secrétaire d'État aux Affaires extérieures*  
*Delegate, Brussels to Secretary of State for External Affairs*

TELEGRAM 9

Brussels, November 15, 1937

IMMEDIATE. At today's brief session Declaration was approved without further amendment, Italy opposing and Scandinavian delegations abstaining though endorsing its principle. Conference then adjourned until afternoon of November 22nd. In the meantime the three sponsors of Declaration will confer on next step. I am going to Paris until November 21st and Wrong to Geneva. My views of general situation follow:

As you are aware, if Brussels Conference ends merely with regretful recognition of impossibility of mediation, Far East problems will be returned to Geneva with certainty of early meeting of Advisory Committee and possibility of reconvening of Assembly.

To avoid this, I consider best course to be:

1. To denounce Japan's intransigent attitude towards Treaty of Washington; this cannot be avoided and today Declaration of Conference will presumably be followed by Resolution next week;
2. To consider sympathetically proposals, if any, from the United States, which would certainly not amount to sanctions; it would be unfortunate for Canada to oppose any such initiative which was acceptable to other parties to Treaty;
3. Instead of closing Conference in the near future to adjourn it indefinitely, to authorize certain Governments, preferably the United States and the United Kingdom, to continue consultations through diplomatic channels looking towards settlement with instructions to propose reconvening of Conference whenever useful opportunity might arise.

In reply to your telegram No. 5,<sup>1</sup> sequel to today's Declaration chiefly depends on instructions to be received by Davis who has been told by Eden, Delbos and others that they will follow his lead. Ends.

DANDURAND

<sup>1</sup> Non reproduit/not printed.

848.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, November 17, 1937

My dear Dr. Skelton,

I took advantage of the recess of the Brussels Conference from 15th November to 21st November to return to Geneva on the 16th. I believe that Senator Dandurand is writing from Paris to the Prime Minister, and Dupuy will send from Paris a set of all the documents of importance relating to the proceedings of the Conference from 3rd to 15th November. We have perhaps not kept you as fully informed as we might of what has been going on in Brussels, partly because of the lack of any stenographic assistance. It may therefore be helpful if I send you, quite unofficially, my impressions of the proceedings up to the present time.

The Conference is, of course, a child of Geneva, though it has been at pains to deny the legitimacy of its birth. The three main advantages of summoning a gathering of the signatories of the Nine-Power Treaty were, first, that the full participation of the United States could be secured, secondly, that the Far-Eastern problem would be disassociated, temporarily at least, from the Covenant of the League, and thirdly, that with a few exceptions the Powers represented at Brussels were especially interested in the Far-East. The chief disadvantage was that, with Japan refusing to attend, the Conference resembled Hamlet without the Prince of Denmark, or perhaps more accurately Othello without Iago.

The early stages of the Conference were fairly simple as it was rapidly decided to address a further invitation in the name of the whole Conference to Japan. At first the course was favoured of setting up a small Committee to perform this task, but this gave rise to a dispute over the membership of the Committee—it is hardly necessary to go into the nature of the various difficulties which were encountered—and a Note was sent in the name of the whole Conference on 6th November. The second stage was more difficult: a Japanese refusal was anticipated, though many thought it would not be so direct and emphatic. The period from 6th to 12th November was devoted to inter-delegation consultations as to what should be done in the event of a refusal.

When it became apparent that Japan would boycott the Conference the chief problem became to establish as good a record as possible. One cannot, after all, mediate when one of the parties to a dispute refuses to consider mediation; but if the Conference merely said that they had come to mediate, could not mediate, and therefore could only go home, the problem would be returned immediately to Geneva with all the attendant difficulties and dangers of that course. Talk of further action began to be heard while we were awaiting Japan's answer. It was hypothetical and indefinite; but members of several

delegations, including those of the United States and the United Kingdom, began to imply that in their view the "full and frank communication" of Article VII of the Treaty of 1922 might in law extend to recommendations for action against a violator of the Treaty.

When the refusal was received on Friday, 12th November, the United States delegation produced a draft which later became, after modification first in consultation with the British and French and then by the full Conference, the Declaration adopted on 15th November. My own view is that in this document we shot off some ammunition which we should have kept for use in our final resolutions; but the Americans were very set on its acceptance and it went through without much change except to tone down the passage implying that some further action might be taken. It was first intended to send this document as another Note to Japan, but it was decided wisely not to continue a correspondence which evidently was leading nowhere. It was therefore issued as a Declaration of the Conference which was not to be formally communicated to Japan.

The position of the United States delegation has been all important. Mr. Norman Davis, who has constantly in mind the uses of the Conference as a means of educating public opinion in the United States, has been insistent that the Conference should take a fairly strong stand, while remaining vague as to what that stand should be. The British, French and nearly all the other delegations have naturally been very anxious to meet Mr. Davis' position as far as they possible [sic] could. Mr. Eden says that both he and M. Delbos have told Mr. Davis clearly that they do not feel able to take the initiative in proposing any measures for bringing pressure on Japan or helping China, but that they will support anything in reason which Mr. Davis may propose. While the United States delegation say they are not anxious to assume leadership in this direction they at the same time do not seem willing to relinquish it. Mr. Davis, while not "difficult" in the usual sense, is not an easy man to deal with, since he lacks ingenuity in devising formulae and talks generalities, sometimes of a rather startling kind, without coming down to particulars.

Some notes on the positions of the other delegations may be of interest. Mr. Litvinoff returned to Moscow after the first few days, stating that he would soon come back to Brussels. I think, however, that he saw that the Conference was not likely to lead anywhere and that the position of the U.S.S.R. was anomalous in that they were the only country represented which had neither signed nor adhered to the Treaty of Washington. It was also doubtless true that the adhesion of Italy to the Anti-Communist [sic] Pact made his return to Moscow desirable in his own interest; I hear reports that his personal position in the Soviet hierarchy has deteriorated considerably during the last few months. He left M. Potemkine behind, but the Soviet delegation has not played much part either at the Sessions of the Conference or in private conversations. I have heard it said that the Soviet Government would not be sorry to have the hostilities in China prolonged because of the strain which they are putting on Japan. Furthermore, if any question of sanctions and military guarantees should later arise, the U.S.S.R. is in an exposed posi-



tion as the only country able to bring military (as distinct from naval) pressure to bear on Japan—a situation which makes them far more cautious than they have been in the past in relation to disturbances more remote from their frontiers.

The Italian delegation has lived up to expectations. In spite of their lone opposing vote against the Declaration which was approved by the Conference on Monday, it is believed that they do not intend to withdraw from the Conference. They have clearly made themselves the spokesman of Japan and are reported to have been in close touch with the Japanese Ambassador in Brussels throughout the proceedings.

Mr. Wellington Koo has represented China in his usual finished style which combines dignity, restraint and feeling. He is the only person who has mentioned the extension of material aid to China during the Sessions of the Conference. The report is that he intends to press for an early meeting of the Advisory Committee at Geneva if the Brussels Conference concludes without taking more than a "moral" position. If I were in his shoes I should be inclined to do this and the feeling is widespread that such an appeal from China could hardly be refused.

As to the delegations of the smaller countries, M. de Graeff, the head of the Netherlands delegation, has played some part behind the scenes. He is a man whose opinion is much respected, and I understand that he strongly believes that the eventual defeat of Japan by China is inevitable. (Mr. Eden says, by the way, that the British Consuls throughout China have recently reported with remarkable unanimity that Chinese resistance was strong and increasing, but this must have been before the recent defeats at Shanghai and in the North.) The Portuguese, about whose position some doubt was felt, are nervous about their Chinese trade and the situation of Macao and they have shown no disposition to join Italy. The Scandinavians have not played much part. I understand that Sweden and perhaps Denmark would have voted for the Declaration issued by the Conference on 15th November, instead of abstaining, if it had not been for the obduracy of M. Aubert, the Norwegian representative. They finally decided to abstain together in order to maintain Scandinavian solidarity. As they all endorsed the principles of the Declaration, it is a little difficult to understand why they would not vote for it; it commits no one to anything in the way of action.

It is perhaps worth mentioning that M. Spaak, the Belgian Foreign Minister, has made a most admirable Chairman. He is a plump young man of thirty-eight, imperturbable in his composure and speaking briefly and much to the point. During most of the period of the Conference he was engaged in prolonged negotiations in an unsuccessful effort to form a Ministry, but this appeared in no way to affect the discharge of his duties at the Conference except that he kept us waiting once for a few minutes.

The interesting thing, of course, is what will happen next, and how the Conference can wind up without transferring the problem back at once to Geneva. Senator Dandurand telegraphed on 15th November from Brussels

our ideas of the best course to pursue. Mr. Davis is likely to propose the application of the doctrine of non-recognition of territorial gains; it seems to me that there is little harm in accepting it, ineffective and futile though it may be, since we are all committed to it. He may also propose some other mild measures, probably in the form of recommendations to Governments, which would admittedly be of little or no practical assistance to China but would perhaps make the position of Japan somewhat more uncomfortable in the long run. A number of people in Brussels seemed to think that he was keeping an ace or two up his sleeve, but I felt sure from the beginning that the most he had was a deuce. In any case, whatever it may be will be known in Ottawa before this letter arrives.

The result I hope for most is the delegation in some form of the duty of consultation under Article VII of the Washington Treaty to the United States and the United Kingdom, perhaps with the addition of France if France insists. Italy probably need not now be considered, as she has made her position of hostility clear; it is likely that the U.S.S.R. can be dropped as a non-signatory of the Treaty. The full Conference may never meet again, and under this plan need only be called together if the situation changes so as to give some hope of beneficial results. If such a procedure is authorized, it will leave a way out for the Advisory Committee, as the Brussels Conference will still technically be seized of the situation. Opinion here seems, however, to be that the Advisory Committee will have to hold another meeting before long, whatever happens at Brussels.

I make no mention in this letter of the part played by the Canadian delegation, as that should be covered in Senator Dandurand's report to the Prime Minister. We return to Brussels on Sunday, the 21st, and it is expected that the Conference will adjourn by the 27th.

Yours sincerely,

H. H. WRONG

849.

*Le secrétaire d'État aux Affaires extérieures au sénateur Dandurand (à Paris)*  
*Secretary of State for External Affairs to Senator Dandurand (in Paris)*

TELEGRAM 7

Ottawa, November 18, 1937

CONFIDENTIAL. 1. It seems well to give you at once following observations after consultation with colleagues upon your Brussels telegram No. 9 of November 15.

2. As regards your three suggestions as to future course of conference, we agree that the third would be desirable solution. Among other things, it would seem calculated to enable leading Powers, whose interests are predominantly engaged, to approach situation more effectively without the complications and misunderstandings arising from formal proceedings conducted by so many

parties. And we have in previous telegrams sufficiently indicated view that reinjection of Far East Advisory Committee into situation would not be helpful.

3. As to your second suggestion, the following will indicate what is in our minds:

(a) In connection with possibility of proposal for refusal of loans to Japan mentioned in your Brussels telegram No. 8 of November 13,<sup>1</sup> I ought to recall for your information statements made in House of Commons during sessions of 1936 and 1937 to the effect that policy of present Administration is that imposition of sanctions would require parliamentary approval. I stated this also in Geneva at 1936 Session of Assembly of the League. In these circumstances the above mentioned proposal, if in nature of sanction as understood, would if adopted involve before being imposed the immediate summoning of Parliament.

(b) In previous communications it was contemplated that measures in nature of sanctions or effective intervention in Far East would involve consideration of exchange of military and territorial guarantees between participating countries. (See Dominions Office circular telegram B. 114, October 18, and our telegram in reply, No. 61, October 27, mentioned in my telegram to you through Paris Legation, No. 80, October 27<sup>1</sup>). We should be glad to have your observations upon this now or as soon as you are in a position to throw light upon what has been or may be contemplated in this regard.

(c) In above mentioned telegram No. 61 to Dominions Office, we indicated a question as to competence of Brussels Conference as regards sanctions. Nine-Power Treaty of 1922 contains no guarantees and only provides for "communication" between the contracting parties in situations involving the application of the treaty provisions. The question of competence might in certain events become important subject of debate. For example, if intervention in the Far East were undertaken with some form of avowed pressure on Japan upon a basis that the pressure would not be relaxed until Japan complied with the Treaty, this would seem to amount to a new and very far reaching commitment guaranteeing China. Any proposal which we might be asked to consider would have to be carefully examined from that point of view in the parliamentary connection. We should be glad to have light similarly upon the matters in this paragraph either now or as soon as you are in a position to furnish it.

(d) Any proposals by United States will of course be sympathetically considered. We have not yet considered opposing any such initiative acceptable to other parties to Treaty.

4. Regarding your first suggestion, we have difficulty in understanding practical usefulness of repeated formal denunciations of Japan. On this I would refer again to our above mentioned telegram No. 61 to United Kingdom. If the suggestion is that further formal condemnation of Japan is neces-

<sup>1</sup> Non reproduits/not printed.

sary to avoid action at Geneva and attendant complications, I should be glad to know the grounds which have been adduced for the suggestion. Furthermore, it is not entirely clear that this first suggestion would not defeat the purpose of the third. There might also be a question of consistency between second suggestion and third, depending upon nature of the proposals. In this connection we note that Japanese Government spokesman has publicly asserted that the Conference ignored a door left open in their reply, though we assume Conference will be able to make an adequate answer.

5. In our day to day attitude toward the Conference we have realised that, since the leading Powers command the practical resources and equipment essential to any effective intervention and since they would chiefly suffer or benefit from the outcome of intervention, initiatives must be left to them and we are concerned that it should be made to appear clearly that any initiatives are their own. In view of responsibility that would fall upon this Government in supporting any Conference proposals we are also anxious to be in a position to know that all relevant aspects are being considered and to have as full information as may be practicable.<sup>1</sup>

850.

*Le Délégué à Bruxelles au secrétaire d'État aux Affaires extérieures*  
*Delegate, Brussels to Secretary of State for External Affairs*

TELEGRAM 11

Brussels, November 21, 1937

I have delayed my reply to your telegram No. 7, November 18th, until my return to Brussels. The considerations you outlined in paragraphs 3 and 4 I have kept consistently in mind since this Conference began, but the situation has changed since November 15th, so as to make detailed reply by telegraph unnecessary.

During adjournment of Conference it has become certain that no proposals whatever for coercive action against Japan or material aid to China will be made by the United States. Davis is still suggesting passage of condemnatory Resolution, but this is being privately resisted by British and other delegations, and is unlikely to be approved by Conference.

Conference will probably be asked to approve:

- (a) Objective report of its proceedings, and
- (b) Resolution of adjournment, requesting parties to Treaty to continue to explore possibilities of mediation. Delegation of this function to United States

<sup>1</sup> Cette note explicative était annexée à ce télégramme:

The following note was attached to this telegram:

"Tel. No. 7. Nov. 18, to Senator Dandurand was prepared on basis of views telephoned by P.M. from Laurier House, Tuesday morning, Nov. 16; discussion by Council Tuesday afternoon under Mr. Lapointe; and conversation with P.M. at Laurier House Thursday morning, Nov. 18.

L. C. CHRISTIE"

and United Kingdom seems impossible. Draft of Resolution should be available tomorrow. The trouble is that such a result is so completely negative as to make it difficult to resist demand from China for meeting of Advisory Committee. Ends.

DANDURAND

851.

*Le secrétaire d'État aux Affaires extérieures au Délégué à Bruxelles*  
*Secretary of State for External Affairs to Delegate, Brussels*

TELEGRAM 8

Ottawa, November 22, 1937

IMMEDIATE. Your telegram No. 11, November 21. We consider that effect of adoption of suggested resolution of adjournment would be that, though proceedings would for time being pass from formal conference stage to less formal stage of communications, the Nine Power Treaty parties would still remain as completely seized of problem as before. In all the circumstances shown in your telegram and previous correspondence it appears impossible to see how reconvening of Advisory Committee could help the further explorations contemplated by the suggested resolution or serve any other practical end. On both juridical and practical grounds, therefore, we consider demand for reconvening of that Committee should be resisted.

Please inform us what is attitude of United Kingdom and France and, if for reconvening Advisory Committee, what their reasons are; also whether any states represented on Committee are likely to abstain from further meetings of it.

As it is not for Nine Power Conference to arrange matters concerning a League Committee, we assume no reference to Advisory Committee will be made in resolutions or public discussions of the Conference.

852.

*Le Délégué à Bruxelles au secrétaire d'État aux Affaires extérieures*  
*Delegate, Brussels to Secretary of State for External Affairs*

TELEGRAM 12

Brussels, November 22, 1937

IMMEDIATE. Drafts of Report and Resolution referred to in my telegram No. 11 have been prepared jointly by the United States, French and British delegations and were submitted to Conference this afternoon. Both documents will be considered at next session on Wednesday afternoon and it is expected Conference will adjourn indefinitely by Thursday morning.

Discussion of draft Report was begun today. It is an objective document in eleven paragraphs summarizing and citing extracts from text of Washington Treaty, invitation to Conference, correspondence with the Japanese Gov-

ernment and Declaration of November 15th. Nothing in it is at variance with views expressed in your telegrams to Paris and Brussels and it is unnecessary to summarize it at length.

Draft Resolution is more important document but it also includes nothing at variance with your views. It contains about 700 words and is mainly work of United States delegation. It begins by stating that Treaty of Washington is conspicuous example of self denying international engagements constituting framework for peaceful and friendly conduct of international relations. To disregard such principle by resort to force disturbs the whole structure of international engagements, compels increase in armaments and creates universal uncertainty. The Conference was called in accordance with these principles and has striven to promote conciliation and secure the co-operation of Japan. "As there appears at present to be no opportunity of the Conference further to carry out its terms of reference", its sittings are temporarily suspended. This suspension implies no diminution in interest and concern over Far East situation. The Conference believes that no solution imposed by force can be just and lasting and that both parties should employ assistance of the other to end hostilities and achieve settlement.

In final paragraph Resolution reaffirms "the principle of the Nine Power Treaty", expresses belief that prompt suspension of hostilities is in the best interest of all concerned and urges armistice. It ends as follows:

The Conference believes that no possible steps to bring about by peaceful process a settlement of the conflict should be overlooked or be omitted. In order to allow time for the participating Governments to exchange views and further explore all peaceful methods by which a settlement of dispute may be attained consistent with principles of Nine Power Treaty and in conformity with objectives of that Treaty, the Conference has taken its decision to suspend for the present its sittings. The Conference will be called together again whenever its Chairman or any two of its members shall have reported that they consider its deliberations can be advantageously resumed.

Resolution will probably be amended on Wednesday, but in spite of plea today from Chinese delegation for positive action it certainly will not be strengthened. United States and United Kingdom intend if possible to offer good offices jointly whenever chance of acceptance may appear. Chinese delegation has been privately informed by Davis that United States at present can go no further than this and that return of problem to Geneva might endanger all cooperation of the United States. Ends.

DANDURAND

853.

*Le secrétaire d'État aux Affaires extérieures au Délégué à Bruxelles*  
*Secretary of State for External Affairs to Delegate, Brussels*

TELEGRAM 9

Ottawa, November 23, 1937

We have no objection to Conference proceeding on lines indicated in your telegram No. 12 of November 22.

854.

*Le Délégué à Bruxelles au secrétaire d'État aux Affaires extérieures*  
*Delegate, Brussels to Secretary of State for External Affairs*

TELEGRAM 13

Brussels, November 23, 1937

IMMEDIATE. Your telegram November 22nd, No. 8. No delegations here except perhaps Chinese, Soviet and Mexican favour reconvening of Advisory Committee. United Kingdom, however, doubt whether there are any juridical grounds for opposition since Committee's Report of the 5th October provided for meeting "in any case" within one month, and suspension of this Conference will remove practical difficulties in the way of assembling Committee while Conference is sitting. Moreover United Kingdom and others would hesitate openly to express opposition because of understanding reached at Geneva that League of Nations would promptly resume consideration of Far Eastern conflict if this Conference had no positive results.

If, therefore, China insists on meeting of Committee it may be impossible to prevent it. Though China knows no further League action can be expected, in the present desperate straits she may feel bound to press demand. I feel sure that if Committee meets majority of States represented would oppose further action, but I have no information whether any members would decline to attend meeting. Ends.

DANDURAND

855.

*Le conseiller [SDN] au sous-secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Under-Secretary of State for External Affairs*

Geneva, November 29, 1937

My dear Dr. Skelton,

In my letter of 17th November I gave you some personal impressions of the proceedings at Brussels during the first period of the Nine-Power Conference. In this letter I am continuing this account to cover the period ending with the adjournment of the Conference on 24th November.

During the first stage of the Conference it became certain that there was no hope of mediation under the auspices of the Conference. There was then heard for the first time talk of the possibility of the Conference going further than an attempt at mediation. I referred in my earlier letter to the part played by the United States delegation in this connection. Mr. Davis, in private conversations, especially with the British and the French, was insistent that the Conference should take "action". The British, French and Dutch told him that they were quite ready to consider action, but that any action sufficiently drastic to affect the conduct of hostilities must be accompanied by

military guarantees—a condition which, of course, could not be met by the United States. Mr. Davis then suggested milder measures which, while unlikely to affect the outcome of the war, might in the long run hamper Japan.

In particular he discussed at considerable length the policy of non-recognition of Japanese territorial gains in China and the refusal of loans to Japan. What exactly was meant by the refusal of loans never became clear. It was suggested at least that the Japanese Government should not be permitted to finance the development of any conquests in China by issuing loans in New York, London or other markets, but at times it was hinted that the policy might be extended to cover the refusal of commercial credits to finance purchases of war supplies and raw materials. Mr. Davis said that he thought that the President possessed authority to go a long way in this direction without amending the Neutrality Act or securing new legislation from Congress.

I understand that the suggestions made by Mr. Davis before the recess of 15th November were sufficiently explicit to cause Mr. Eden to submit them to the Cabinet in London, where they caused a good deal of controversy. Mr. Eden was most insistent that any initiative of the United States of this sort should be followed promptly and gladly by the United Kingdom; but not all of his colleagues shared this view.

When we re-assembled in Brussels on 21st November we found that the situation had changed, presumably as a result of new instructions received by Mr. Davis. He had already made it clear to the British, French and Chinese that he was no longer in a position to do more than press for mediation and take a "moral" stand. The most probable explanation is that when Mr. Davis first went to Brussels the President hoped to be able to follow up his Chicago speech by positive steps of some sort involving the amendment of the Neutrality Act and that Mr. Davis had been instructed to keep the way open by prolonging proceedings and by discussing in general terms action to assist China or impede Japan. I think that the President must have determined by mid-November that the time was not ripe for him to go further, basing his decision on the movement of opinion in Congress and in the country. In any case on the 20th November Mr. Davis and Mr. Malcolm MacDonald saw Mr. Wellington Koo, and Mr. Davis told Mr. Koo that there was no hope of action from the United States at the present time.

Another possibility was also disposed of during the adjournment. It had been suggested that the Conference should authorize the United States and the United Kingdom to seek mediation—a suggestion which from our point of view had a great deal to commend it. The French, however, refused to consent to their omission and that raised the question of the attitude of Italy. Furthermore it turned out that the United States were also unready to accept this duty, probably for fear of accusations at home that they had agreed to pull British chestnuts out of the fire. As an alternative there was some discussion of a joint offer of mediation being made by the United States



and the United Kingdom without any mandate from the Conference, but timed so that the Conference could take note of it with approval. This too was unacceptable to the United States.

When the Conference re-assembled on 22nd November there was a general feeling of impotence. MM. Eden, Delbos and Litvinoff did not return for the final stage, Lord Cranborne taking Mr. Eden's place. The United States, the United Kingdom and France had privately agreed in principle on a course which they would jointly support—the approval by the Conference of an objective report of its proceedings accompanied by a new declaration, to be followed by an indefinite adjournment. The chief difficulty was in agreeing on the terms of the new declaration. The United States delegation were inclined to argue for a strong condemnation of Japan, but it was finally decided to include only a harmless restatement of the principles of international law and their application to the war in the Far East. The declaration finally adopted was based on the United States draft, but agreement was only secured after much difficulty and activity behind the scenes. It is an improvement on the original draft but it remains verbose, repetitious and vague.

It was certainly unfortunate that the Conference re-assembled after the adjournment on 15th November. It was kept in being almost entirely to suit the wishes of the United States, and the fact that nothing came out of the second stage of its proceedings tended to cause irritation which was in part directed towards the United States.

Mr. Koo naturally expressed his disappointment at the lack of positive action. He told Mr. Davis and Mr. MacDonald that the Chinese Government hoped to be able to continue resistance to Japan for at least six months and were therefore not anxious for immediate mediation, since they thought there might possibly be an improvement in the military situation. He said that what they wanted most was the assurance of a supply of munitions with the aid of friendly Governments, if possible to be supported by a naval demonstration. Mr. Davis told him bluntly that the United States could not accept either of these demands and that by pressing them publicly or by returning the problem to Geneva he would make the co-operation of the United States more difficult in the future.

The results at Brussels were virtually nil. The nineteen countries there assembled did not even produce a "ridiculus mus" from their labour. If the question returns here, the outcome will in all probability be equally negative. Mr. Koo told the French on the last evening of the Conference that he proposed to demand a meeting of the Advisory Committee in the first half of December, even though he knew nothing would come of it. I have heard no more of this since I returned, and gossip in Geneva is that the Committee may meet at the time of the next Session of the Council, which begins on 17th January. The Chinese, of course, may change their minds, though I do not see much reason why they should. I do not look forward to another futile international meeting. The big and noble words

have already been spoken during the Assembly and at Brussels. The problem of preserving even a plausible paper record will be difficult, and the United States will be an auditor instead of a participant. It is most unlikely that the Advisory Committee will go further than it did in its report of 5th October. All one can hope for is that the situation will change; but whence will come the "deus ex machina"?

Yours sincerely,

H. H. WRONG

856.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

December 10, 1937

FAR EASTERN CONFLICT  
FAR EAST ADVISORY COMMITTEE OF LEAGUE OF NATIONS

1. Geneva telegram No. 133 of December 9<sup>2</sup> indicates that this Committee may be reconvened during the session of the League Council due to open on January 17. Upon receipt of official notice of such a further meeting it will become necessary to send instructions to the Canadian representative, who ever may be appointed.

2. It is to be noted that no one wants the Committee to meet or believes it useful except the Chinese, Soviet and Mexican representatives (See Senator Dandurand's Brussels telegram No. 13 of Nov. 23). The meeting seems practically bound to be harmful or, at best, futile. There has not been in fact, from any member, a single practicable suggestion of any contribution which the Committee can make to the Far Eastern situation. The three States mentioned doubtless realise this; but they can make some propaganda uses of the Committee, including a considerable element of appeal to various peoples over the heads of their Governments; and they may count on creating some nuisance value. By pushing for it they can force the Chairman to call the meeting, as other members are not yet ready to oppose it (See Senator Dandurand's above mentioned telegram).

3. This episode affords a good illustration of what Geneva has now grown into. The standing committees, the elaborate rules of procedure, the esoteric technique of interpretation and manipulation, the devices like that of decisions based on silences, now present such a machine that, given a measure of ingenuity and persistence, one or two States can press the button and almost automatically a public international conference comes forth, even though the general consensus may consider such a meeting not only useless but obstructive to other efforts being made to deal with the problem in question. And such meetings upon important political questions can be thus produced at times when other States may not be able to manage to be represented by responsible Ministers of State.

<sup>1</sup> De/by L. C. Christie.

<sup>2</sup> Non reproduit/not printed.

4. Apart from the general disadvantages of meetings of such a character, the special disadvantage for Canada in this case is that we are forced into moving from the Nine Power Treaty consultations into what is in effect a European body with the United States taking no part. European political considerations will be uppermost.

5. The preferable course would be to instruct the Canadian representative to act in effect simply as an observer and to abstain from taking any part whatever in the proceedings or in any resolution, declaration, report or other instrument, on the ground that the Nine-Power Treaty parties are seized of the case, that it is under consultation between them and that it is not believed that meetings of the Committee can add anything useful to that process.

6. A poor alternative might be to confine our participation purely to taking note of the Report of the Brussels Conference and to abstain from everything else in the way of declaration, resolution, report or "taking note".

7. From Mr. Wrong's telegram it appears that the Geneva Secretariat have already begun to concoct a document to "take note" of a variety of things. Up to date they would "take note" of—

(a) "The events since the last session"; (This could not affect the events, could scarcely avoid being incomplete and selective, and so might be harmful).

(b) "military developments"; (The Committee are not General Staff experts; we have no official knowledge of the military developments, and ought not to be in the position of being responsible for comment on them).

(c) "Italian recognition of Manchukuo". (To "take note" of this would doubtless be somebody's move on the European chess board, but there is no good reason for Canada taking part in such by-play and very good reason for abstaining).

857.

*Mé morandum*

*Memorandum*

Montreal, December 15, 1937

*Confidential Statement of Senator Dandurand to the Right  
Honourable the Secretary of State for External Affairs*

When the question of the Sino-Japanese conflict was raised by the Japanese [*sic*] Delegation before the Assembly, it was generally felt that no peaceful solution could be reached if Japan refused to join in a conference and if the United States were not a party to it.

The Advisory Committee of 1932, which had been appointed when Japan invaded Manchuria, was revived because the United States had accepted a seat in that Committee. That country agreed to join in our deliberations, but as observers only. Japan refused to attend.

The Nine Power Conference, likewise, was convened because the United States could not evade their responsibilities as members of that Conference and because President Roosevelt's Chicago speech gave hope of the United States taking the lead in our deliberations.

When we met at Brussels, Great Britain seemed ready to follow the United States as far as they would go and it constantly awaited the American draft resolutions.

It was not long, however, before Mr. Eden and those of us who approached Mr. Norman Davis realized that he was without any instructions tending toward any kind of pressure on Japan. He was apparently marking time and like us was awaiting the presidential message, which, to the surprise of many, was a silent document as far as international affairs were concerned.

Mr. Davis had, many a time, admitted to me that public opinion in the United States would not risk the life of a single soldier to protect the material interests of the United States of America in China. Such was also my conviction and I did not hesitate to express it at private meetings of the British Delegations. The furthest that Mr. Davis ever went in conversations with us was the suggestion that perhaps the President would go to the length of declaring: first, that no territorial gains would be recognized; second, that the President could strongly urge American financial institutions to refrain from giving any assistance to Japan; but at no time would Mr. Davis express the hope that Congress might move in that direction. We were aware that no effective action could be taken by the President without the Neutrality Act being recalled or modified.

Mr. Eden, realizing that situation, cabled to his Ambassador, Sir Ronald Lindsay, in Washington, who, in no doubtful terms, warned his government not to expect any lead by the United States in any concrete form or other. His description of the somnolent public opinion in that country in regard to the Far East was admirably drawn up.

Mr. Davis showed, in many instances, that he knew how susceptible and inflammable was American public opinion when any joint action was mooted.

At the time when it was hoped that Japan would be disposed to meet a small negotiating committee of the Conference, Mr. Davis, at first, expressed his preference for a very small committee. I then suggested that the four powers who had brought together Japan and China in 1932 and had signed the convention which ended the conflict, Great Britain, The United States, France and Italy, should be named as negotiators. It became apparent that the Chairman of our Conference, Mr. Spaak, should also join to act as Chairman. Mr. Davis thought that this committee would be too large, but, the next day, he suggested to add Holland, which enlarged it. I could not understand this contradiction. To my surprise, it was explained to me that the American Government could not join a committee exclusively composed of their old allies, because of the effect on American public opinion. Later on, towards the end of our labours, we discussed the advisability of ad-

journing and of appointing Great Britain and the United States to seek, through diplomatic channels, some peaceful solution of the Far East problem. Presumably, Mr. Davis, who had been at first favourable to a small committee, had been apprized of the agitation in his country against any action which would have the effect of pulling the chestnuts out of the fire for Great Britain, refused to join that committee of two.

It was under those circumstances that it was decided to give that mandate to all the Members of the Conference.

The attitude of Italy was a painful one for its representative, who felt keenly his isolation as the mouth-piece of Japan's ally. Everyone had in mind the language of his master, Mr. Mussolini, when, as he returned from Berlin, proclaimed before the Italian people his admiration for Japan and his full comprehension of the outburst of vitality of the Japanese.

As you are aware, the Conference adjourned for a few days, to allow its Members to consult their Governments.

Mr. Eden left for London and did not return.

You may have noticed that the Scandinavians were very nervous about supporting any resolution which might imply a tendency towards sanctions. It was quite evident that that feeling was also in other minds.

I would like to revert to an incident which happened soon after we met and which was noticed by the Belgian press: It was reported that a meeting had been held of the Nine Power Members, at the Chairman's office, Mr. Spaak, Minister for Foreign Affairs, and among the journalists it was clearly stated that Mr. Eden represented there all the Dominions present at Brussels. There was a meeting that afternoon of the Britishers in Mr. Eden's parlor. The latter was late and Mr. Malcolm Macdonald acted as master of ceremonies. Mr. Bruce alluded to that meeting in Mr. Spaak's office and expressed his surprise that we were not convened. Mr. Macdonald said that this was an informal meeting. I stated that we would have to sift that matter, as such a statement reaching our respective countries would be very badly received, as no one could pretend to represent us without a definite mandate. Mr. Eden then came in and I repeated my statement. He denied having spoken for us in that hurried call of the Chairman, Mr. Spaak. As I left the meeting I stated to some colleagues that our reunions were the cause of such misunderstandings by the press and that I doubted their opportunity. Mr. Eden having flown for a couple of days to London, Mr. Macdonald called us during his absence, and as he had heard that I would not attend these meetings he invited me to a cup of tea, to tell me of the current events.

I felt that the appointment of Mr. Malcolm Macdonald as a Member of the British Delegation was somewhat unfortunate, because of his being the Minister for the Dominions.

It was his secretary who called upon us to invite us to those British reunions and Mr. Macdonald's presence must have given the impression to

the press that the Dominions were under his tutelage; in fact, some newspapers published the portraits of the representatives of the Dominions with Mr. Macdonald in the picture.

While on this subject, I may allude to a matter which may affect our status abroad: I learnt, while in Brussels, that when your visit was announced in Belgium the officer charged with questions of protocol at the Royal Palace was somewhat in a quandary as to your status of Secretary of State for External Affairs; he did not know what that position meant and whether it was a lower grade to that of Secretary of State for Foreign Affairs, indicating that possibly you were not on an even plane with the British Secretary of State for Foreign Affairs and that you had a more restricted jurisdiction.

Yours very truly,

R. DANDURAND

858.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

DESPATCH 588

Tokyo, December 15, 1937

Sir,

I have the honour to inform you that a new political regime, under the name of the "Provisional Government of the Chinese Republic", has been set up at Peking during the present week. It is understood that this organ consolidates several of the local autonomous regimes set up in various parts of North China (Peking, Tientsin, Kalgan, South Hopei) during the past two months. Details of the construction of this new northern Government are contained in the attached press clippings. This government is reported to have the support of the Japanese Military and the Japanese Government; but vernacular press reports differ on the question of formal Japanese recognition of the new regime as the "national" government of China.

Press reactions here suggest that this new Government, divorced from Nanking and expected to "co-operate" with Japan and Manchukuo, is the logical fulfilment of the underlying aim of Japan to obtain a regime in the North compliant to Japanese wishes, for the furtherance of peace and order, the eradication of communism and anti-Japanism and the economic development of North China in Japan's favour.

If the new administration in Peking is ultimately recognized as the "national" government of China, the political situation will be tantamount to a reversion to the period preceding 1928. If, on the other hand, another regime is established in Nanking as a new Central Government on the ruins of Chiang Kai-shek's administration, the North China or Peking Government

will represent a "separatist state" autonomous in character and in the Japan-Manchukuo orbit—with various difficulties resulting from a politically divided national structure.

I have etc.

R. RANDOLPH BRUCE

859.

*Le délégué permanent [SDN] par intérim au secrétaire d'État  
aux Affaires extérieures*

*Acting Permanent Delegate [L. of N.] to Secretary of State  
for External Affairs*

DESPATCH 372

Geneva, August 22, 1938

Sir,

I have the honour to enclose the agenda for the Hundred-and-Second Session of the Council of the League of Nations, which will open at Geneva on 9th September, under the chairmanship of Mr. William Joseph Jordon, representative of New Zealand.

In addition to reports from various committees which have met during this summer and appointments to various bodies, including the Permanent Court of International Justice, the Council will be called upon to consider only one of the pending political questions: the Appeal by the Chinese Government. The official note explaining this item merely reproduces, *mutatis mutandis*, the terms of that given under Item 17 of the provisional agenda for the Hundred-and-First Session of the Council, viz. that "In accepting the Council's resolution of May 14th, 1938, the representative of China stated that his acceptance was based upon the understanding that the Council remained seized of the appeal of his Government invoking Articles 10, 11 and 17 of the Covenant".

Since the last Session the Members of the Council have received three letters from the Chinese Government. In a first letter, dated June 1st, the Chinese Government called the attention of the Council to Japanese air raid[s] upon towns and requested States Members of the League to take "such urgent and effective measures as will make Japan cease the wholesale slaughter of human beings by aerial bombardment" (Document C.201 M.109. 1938.VII).

In a second communication, dated 8th June, the Chinese Government drew the Secretary-General's attention to the fact that the Japanese National Mobilisation Bill, which entered into force on 5th May, 1938, and is evidently intended to intensify Japan's war against China, applies also to the Japanese mandated islands in the Pacific. This fact is regarded by China as contrary to the purpose for which the mandate system has been instituted (Document C.207, M.113. 1938. VII).

In a third and last communication, dated 5th August, the Chinese Government forwarded a report signed by a British surgeon in the Changhang Hospital, which gives evidence that the Japanese have used poison gas during the present hostilities in China.

It should be noted that the question of the violation by Germany of the Treaty of Mutual Guarantee signed at Locarno on 16th October, 1925, which had been for so many Sessions on the agenda of the Council and which has merely been postponed at the last meeting, does not appear on the attached agenda. This is perhaps an indication that France and Great Britain have come to the conclusion that it is as well to settle the question by preterition.

I have etc.

P. E. RENAUD

860.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 59

Geneva, September 19, 1938

Chinese representative presented appeal to Council this afternoon for application of Article XVII to Japan. The Council agreed without debate:

(1) To telegraph invitation to Japan under paragraph 1 to assume obligation of League membership, and

(2) To institute no enquiries at present under paragraph 2 in view of previous investigation by Far Eastern Advisory Committee.

861.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM 32

Tokyo, September 30, 1938

On September 27th Foreign Office here declared that the application of sanctions under Article 16 would be tantamount to the sanctioning countries' recognition of a State of War between Japan and China thereby permitting Japan to disregard the protection of foreign rights in China.

Application of the Article in question by Great Britain or the Dominions will accentuate anti-foreign attitude here especially as regards Britain and the United States of America to the detriment of the major issues under discussion. Removal of Ugaki increases the danger of more aggressive military attitude towards foreign Powers. Ends.



862.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

TELEGRAM 69

Geneva, October 1, 1938

My telegram No. 59, September 19. Council yesterday adopted the Report on the Chinese appeal in the light of the Japanese refusal of the invitation extended under Article XVII. Report after citing the finding of the Advisory Committee in 1937 that the Japanese operations in China contravene treaty obligations continues as follows:

Although, in conformity with established practice, it is, in principle, for the members of the League to appreciate in each particular case whether the conditions required for the application of Article XVI and Article XVII, paragraph 3, are fulfilled, in the special case now before the Council, military operations in which Japan is engaged in China have already been found by the Assembly to be, illicit, as mentioned above, and the Assembly's finding retains its full force.

In view of Japan's refusal of the invitation extended to her, provisions of Article XVI are, under Article XVII paragraph 3, applicable in the present conditions and members of the League are entitled not only to act as before on basis of said finding, but also to adopt individual measures provided for in Article XVI.

As regards coordinated action in carrying out such measures, it is evident, from the experience of the past, that all elements of cooperation which are necessary, are not yet assured.

Report concludes with reference to Assembly Resolution of October 6th, 1937, and Council Resolution of May 14th, 1938, urging members of the League of Nations individually to consider aid to China and declares that China has a right to sympathy and aid.

863.

*Le ministre au Japon au secrétaire d'État aux Affaires extérieures*  
*Minister in Japan to Secretary of State for External Affairs*

DESPATCH 625

Tokyo, October 19, 1938

Sir,

With reference to my telegram No. 34 of October 14th, 1938,<sup>1</sup> I have the honour to enclose herewith copies of the note referred to therein received from the Foreign Office with regard to the preservation of interests of nationals of Third Powers in China, particularly in the new zone of hostilities in South China.

2. I shall be glad to receive in due course instructions with regard to the reply that should be made to this note.

I have etc.

R. RANDOLPH BRUCE

<sup>1</sup> Non reproduit/not printed.

## [PIÈCE JOINTE/ENCLOSURE]

*Le ministre des Affaires étrangères du Japon  
au ministre au Japon (Traduction)  
Japanese Minister for Foreign Affairs  
to Minister in Japan (Translation)*

CONFIDENTIAL CIRCULAR NO. 37

Tokyo, October 12, 1938

Excellency,

I have the honour to state, that with a view to preserving the interests of nationals of Third Powers, the Imperial Japanese Government called Your Excellency's attention in an official Note dated June 20th<sup>1</sup> setting forth the desires of the Government in the regions likely to be included in the areas of hostilities on land, namely, south of the Yellow River and east of a line linking Sian, Ichang, Hengyang and Pakhoi:

(a) The nationals of Third Powers should keep away from Chinese military establishments.

(b) The properties of nationals of third Powers should be clearly designated by aerial and land marks, at the same time, giving information promptly to the Japanese authorities.

(c) In case Chinese forces make use of the property of nationals of third Powers in the areas of hostilities, the Japanese forces will be obliged to attack the Chinese and will not assume responsibility for its preservation.

(d) It is most desirous that the nationals of third Powers will evacuate as far as possible from the actual fighting zone to a safe district, in order to prevent possible occurrence of untoward incidents.

On the occasion of the present enforcement of military operations in South China, the Imperial Japanese Government has the honour to call Your Excellency's renewed attention and at the same time to request adequate measures of Your Excellency's Government concerning the points mentioned below:

(1) That the experience in the Shanghai and Kiukiang campaigns show that the Japanese forces found extreme difficulties in protecting the properties of nationals of third Powers simply because Chinese troops deliberately constructed military establishments close to them or offered resistance by falling back on foreign properties. The Japanese Government therefore requests Your Excellency's Government to take adequate and effective measures to prevent Chinese troops from making similar moves in the present hostilities in South China. Under the circumstances the Japanese Government hold that the Chinese troops must assume responsibility as a matter of course for any damage to foreign property if they establish positions close to it. It is desired ardently

<sup>1</sup> Non reproduite not printed.

therefore that Your Excellency's Government will refrain from all sorts of action calculated to give any misgivings to the Japanese forces that Your Excellency's Government is favouring the Chinese even though it may be beyond the bounds of possibility.

(2) That the Japanese Government desires the third Powers to refrain as much as possible from moving their troops, warships and aircrafts in Chinese territory and territorial waters and air in that part of South China from Swatow to Pakhoi during the continuance of Japanese military action, for fear of unforeseen mishaps arising between them and the Japanese forces. It is further desired that the Japanese authorities will be notified more than 10 days in advance, as far as possible, for the convenience of mutual communication, in case Your Excellency's country is compelled out of sheer necessity to move the troops, warships and aircrafts in the above-mentioned areas.

(3) That the Japanese Government trusts and requests that Your Excellency's Government never will allow Chinese troops to utilize the territory and territorial waters and air of Your Excellency's country though the Chinese troops may possibly attempt to do so.

I avail etc.

PRINCE FUMIMARO KONOYE

864.

*Le chargé d'affaires au Japon au secrétaire d'État aux Affaires extérieures*  
*Chargé d'Affaires in Japan to Secretary of State for External Affairs*

TELEGRAM 42

Tokyo, November 9, 1938

Foreign Office circular note<sup>1</sup> received yesterday, with regard to expected extension of area of hostilities to western China, is generally similar in content to previous notes and warnings for protection of lives and property of nationals of third Powers.

865.

*Le secrétaire d'État aux Affaires extérieures au chargé d'affaires au Japon*  
*Secretary of State for External Affairs to Chargé d'Affaires in Japan*

TELEGRAM 29

Ottawa, November 10, 1938

With reference to Mr. Bruce's despatch of the 19th of October No. 625 please reply to the Japanese Foreign Office in terms similar to those used in our earlier communications on the same subject. Your reply should also cover the points raised in the Foreign Office circular note to which you refer in your telegram of the 9th of November No. 42.

<sup>1</sup> Voir le doc. 866 see doc. 866.

866.

*Le chargé d'affaires au Japon au secrétaire d'État aux Affaires extérieures*  
*Chargé d'Affaires in Japan to Secretary of State for External Affairs*

DESPATCH 683

Tokyo, November 17, 1938

Sir,

With reference to Mr. Bruce's despatch No. 625 of October 19th and subsequent correspondence culminating with your telegram No. 29 of November 10th, 1938, I have the honour to transmit herewith copies of the following:

(a) Circular No. 41 of the Japanese Foreign Office dated November 7th, 1938 on the further extension of the area of hostilities in China, as translated at the Legation. . . .

I have etc.

E. D'ARCY MCGREER

[PIÈCE JOINTE/ENCLOSURE]

*Le ministre des Affaires étrangères du Japon*  
*au chargé d'Affaires par intérim au Japon (Traduction)*  
*Japanese Minister for Foreign Affairs*  
*to Chargé d'Affaires ad interim in Japan (Translation)*

ORDINARY CIRCULAR NO. 41

Tokyo, November 7, 1938

Monsieur le Chargé d'Affaires,

I have the honour to state that ever since the outbreak of the present hostilities, the Imperial Japanese Government has always been anxious for the protection of the lives and properties of the nationals of third Powers in China; and with the developments of hostilities in China, the Government repeatedly expressed in its Notes dated February 15th,<sup>1</sup> June 20th<sup>1</sup> and October 12th of this year, its ardent desires concerning the measures to be taken for ensuring the above objective.

Now that Canton and Hankow having fallen into Japanese military occupation with the Chiang Kai-shek regime having been driven to the western part of China, the regions of hostilities will be steadily extended towards the west, the Provinces of Shensi, Hupeh, Honan and Kwangsi, being included in the near future in the area of hostilities. In addition to these regions, the military establishments in Chinese territory further west as far as a line linking

<sup>1</sup> Non reproduites not printed.

Suchow, Batang and Tali may be subjected to air-raids by the Japanese aeroplanes. Consequently, the Japanese Government, with a view to more fully ensuring the protection of the lives and properties of the nationals [of] third Powers, which has always been its anxious concern throughout the present hostilities, wishes to express its sincere desires and to request that your Government may take prompt and adequate measures in this connection as stated below, viz:

1. In view of the fact that Chinese forces are making military use of civilian aeroplanes of foreign makes, it is desirable that in order to prevent occurrence of untoward incidents your Government should take steps in the above-mentioned areas to prohibit flying of these aeroplanes in which your country is concerned.

2. Travelling of the nationals of your country in the areas above-mentioned should be made at the sole risk of the travellers themselves.

3. From the viewpoint of ensuring the safety, it is desirable that the nationals of your country residing in the areas mentioned above should evacuate as far as possible from those areas to a safe district.

4. It is desirable that information concerning the rights and property of the nationals of your country existing in the said regions should be given to the Japanese authorities, allowing sufficient time to take necessary steps, and that clear and visible aerial and land marks should be installed to designate such rights and interests.

It is further desirable that you should fully understand that any failure to take such measures on your part will render it impossible to accord adequate protection to such rights and interests of your country.

5. In view of the fact that the Chinese are deliberately transferring their public and private property to the nationals of third Powers, with the object of evading the exercise of legitimate rights of the Japanese forces, it must be clearly understood that the Japanese forces cannot assume any responsibility for preservation of the property transferred for the purpose of such design.

I wish to call your renewed attention on this occasion to the fact that the Japanese forces cannot, as it has been stated repeatedly before, assume any responsibility for the preservation of the property located close to or utilized by Chinese forces.

I avail etc.

HACHIRO ARITA

*Translator's Note*

Suchow, otherwise called Siao Hsien, is in the Province of Kansu.

Batang, otherwise called Paan, is in the Province of Sikang.

Tali is in the Province of Yunnan.

## PARTIE 5 / PART 5

AUTRICHE<sup>1</sup>AUSTRIA<sup>1</sup>

867.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 53

London, March 14, 1938

IMPORTANT. Following for your Prime Minister, Begins: His Majesty's Minister at Vienna has reported that a law has been passed by the Austrian Government, coming into force on publication, according to which:

1. Austria is now a Province (land) of German Reich and this comes into force at once;
2. A free and secret Plebiscite for all over twenty on the question of reunion with Germany will be held in Austria on April 10th;
3. At Plebiscite a simple majority will be decisive. Ends.

868.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

DESPATCH 111

Geneva, March 15, 1938

Sir,

There is little of value which I can add from Geneva to the reports in the press of the last four days in Austria. In this crisis there is less need than usual to read between the lines, except perhaps in the reports from Rome, in order to understand what has happened. In my despatch No. 103<sup>2</sup> of 5th March I said that the general expectation here was that there would be a rapid and unrelenting movement to transform Austria into a Central European Manchukuo; there has therefore been no surprise that the German Government has used the Berchtesgaden agreement of 12th February as a spring-board for further action. What has been surprising is, first the

<sup>1</sup> Pour plus amples renseignements concernant l'Autriche voir chapitre VII, les docs.: 911, 926, 933, 936, 952, 962.

<sup>1</sup> For further information concerning Austria see Chapter VII, docs.: 911, 926, 933, 936, 952, 962.

<sup>2</sup> Voir le doc. 719/see doc. 719.

rapidity with which the action has been taken, secondly the brutal indifference to appearances which has been shown, and thirdly the completeness with which the absorption of Austria into Germany is being accomplished. It had been expected that the overthrow of Herr von Schuschnigg and the substitution of a Nazi Government would be a matter of months rather than days, that there would have been some attempt to maintain a colour of legality, and that for a time at least the formal independence of Austria would have been observed.

One must ask why Herr Hitler decided to proceed so rapidly and so thoroughly. There is a good deal of evidence that the decision was taken only at the last moment, although it is also apparent that plans for the *coup*, to be used when occasion arose, had been carefully prepared. The decisive factor was probably the plebiscite announced by Herr von Schuschnigg for 13th March. One can only conclude that the Nazis feared that the Austrian Government would be supported by a decisive majority and that the result might be a union against them of all anti-Nazi parties in Austria; to have waited might have meant first that they would be faced with a far stiffer resistance, and secondly that they would suffer a severe blow in their tenderest spot, their prestige. They therefore determined to strike before resistance could be organised.

Other reasons favoured the timing of the *coup*. The international situation was propitious. France was in the middle of a Cabinet crisis; the Soviet Union was conducting the most extraordinary of its amazing series of treason trials; Italy would have to choose between acquiescence and breaking the Berlin-Rome axis just as her negotiations with Great Britain were beginning; collective security under the Covenant was sufficiently discredited to be ignored. To pass into the field of conjecture, there may also have been strong internal reasons impelling Herr Hitler to want a startling Nazi success at the present moment. If the *anschluss* could be achieved without bloodshed, the soundness of his judgment, compared with the advice of his General Staff, would be again upheld as it was when the Rhineland was re-occupied two years ago. The *coup* would help to quell the discontent in the army which had prompted the sweeping changes in command of 4th February.

Failing foreign intervention, which seems so unlikely as to be out of the question, it looks as though the German intention was virtually to complete the absorption of Austria in the Reich before the plebiscite announced for 10th April can take place. Already the "attachment" of Austria to the Reich has been proclaimed, the Austrian army has passed under German command, and Austrian diplomatic missions have been instructed to hand over to their German colleagues. The question put to the Austrian voters will by that time have been so fully answered by events as to be almost meaningless. The greater Reich will have been created in a form which cannot be broken except by force.

Article 88 of the Treaty of St. Germain provides that the independence of Austria is inalienable unless the Council of the League gives its consent to a

change in status. Yet at the time of writing no move has been made to summon the Council to consider the extinction of Austrian independence. The German action has thus underlined what was clear enough before: that, failing readiness of the Great Powers still in the League to go to war, the League was powerless to protect Austria from Germany so long as the Berlin-Rome axis stood.

A few days before the *coup* I asked a Czech prominent in Geneva what he considered the course of events was likely to be. He answered that he felt sure that Herr von Schuschnigg would be compelled to resign within a matter of weeks, that a virtual *anschluss* would then take place, and that increasing pressure would be brought to bear by the German Government on the States of Central and Eastern Europe to force them within the German orbit. Except in Austria he did not anticipate territorial annexations, but thought that Germany would be content to compel the subordination of the foreign and economic policies of Hungary, Czechoslovakia, Rumania and Yugoslavia to those of the Reich, with the object of bringing under the direction of Berlin the entire area from the Black Sea to the Baltic. He added that members of the Czechoslovak Cabinet with whom he had talked shared this view. I think that this a likely enough estimate of the intentions of the German Government, although one should not dismiss the possibility of an attempt to secure the annexation of German areas in Czechoslovakia. An effort to dismember Czechoslovakia would probably lead to war, whereas a submissive Czechoslovak Government might be established without a naked resort to force.

In Herr Hitler's previous moves to cast off the limitations on German sovereignty imposed by the Peace Treaties, it was possible to sympathise in some measure not only with his objectives but even with the methods which he pursued. One cannot regard the absorption of Austria in the same light unless one is prepared to accept the mystic racialism of Herr Hitler's creed. Even though one may condemn the effort of the Allies to separate perennially the two Germanic States, it is impossible to justify the forcible absorption of the smaller against the apparent will of a majority of its people.

Before you have received this despatch events are likely to have made clearer the effect on European alignments of the fate of Austria. The position of Italy, of course, attracts special interest, but I do not myself believe that Signor Mussolini is prepared to desert the axis, however unpalatable he may find it to have acquired a common frontier with Germany and to have Germany as a neighbour of Yugoslavia. Perhaps we shall now have an interval of comparative quiet; but it looks as though this interval would be devoted only to intensifying the preparations for war, which with each week that passes seems to become more menacing and more unavoidable.

I have etc.

H. H. WRONG



869.

*Lettre circulaire de la Société des Nations*  
*League of Nations Circular Document*

C.101.M.53.1938.VII.

Geneva, March 21, 1938

## COMMUNICATION FROM THE MEXICAN DELEGATION

Geneva, March 19, 1938.

(Translation)

*To the Secretary-General*

In view of the suppression of Austria as an independent State as the result of armed foreign intervention, and since the Council of the League of Nations has not as yet been convened with a view to the application of Article 10 of the Covenant, which requires the Members of the League to respect and preserve as against external aggression the territorial integrity and political independence of all Members, I have the honour, acting on the instructions of the Mexican Government, to transmit to you the following declarations, and to request you to be good enough to bring them to the knowledge of the States Members of the League.

The political extinction of Austria, in the form and circumstances in which it has taken place, constitutes a serious infringement of the League Covenant and the established principles of international law.

As the result of a *coup de force*, Austria has ceased to exist as an independent nation. This intervention is a flagrant violation of the Covenant and of the Treaties of Versailles and St. Germain, which declare the independence of Austria to be inalienable. That inalienable independence should have been respected and guaranteed not only by the Great Powers which signed the Geneva Protocol of 1922, and which on that occasion solemnly declared their intention of respecting the political independence, the territorial integrity, and the sovereignty of Austria, but also by the Austrian Government itself, since the Treaty of St. Germain and the Geneva Protocol require Austria, in any case, to obtain the consent of the Council of the League of Nations as regards the maintenance of her independence within her present frontiers as a separate State and absolute mistress of her decisions. Consequently, any convention or resolution the effect of which is to diminish Austria's independence should be regarded as illegal, and, similarly, any action taken by any foreign Government contrary to such principles and obligations should be regarded as arbitrary and inadmissible by the Members of the League.

The fact that the Vienna authorities handed over their powers to the invader is no excuse for the aggressor's action, and the League should not accept the *fait accompli* without the most vigorous protests or without taking the action provided for by the Articles of the Covenant.

Moreover, the authorities who relinquished executive power are in no sense representative of the Austrian people, who undoubtedly regard the death of their country as a tragedy of evil omen; the very authorities who were obliged to "yield to force" were not acting of their own freewill, since *voluntas coacta voluntas non est*. Consequently, the States Members of the League should not regard the action and words of those authorities as the free and lawful expression of the will of the nation subjected to military force.

The Mexican Government, which has always upheld the principles of the Covenant and in accordance with its consistent international policy refuses to recognise any conquest made by force, enters the most emphatic protest against the external aggression of which the Austrian Republic has just been the victim. It informs the public opinion of the world that in its view the only means of securing peace and preventing further international outrages such as those that have been committed against Ethiopia, Spain, China, and Austria, is for the nations to carry out the obligations laid upon them by the Covenant, the Treaties they have concluded and the principles of international law. Otherwise it will not be long before the world is overwhelmed by a far worse conflagration than that which it is sought to avoid by attempted action outside the League system.

I have etc.

ISIDRO FABELA,  
Minister<sup>1</sup>

870.

*Le conseiller [SDN] au secrétaire d'État aux Affaires extérieures*  
*Advisory Officer [L. of N.] to Secretary of State for External Affairs*

DESPATCH 119

Geneva, March 21, 1938

Sir,

In continuation of my despatch No. 111 of 15th March 1938, I have the honour to report that during the days which have passed since the extinction of Austrian independence, Geneva has remained a political backwater. No proposal has been made to the Secretary-General that the Council should be convened, and the Mexican Government alone has addressed to him a protest against the inertia of the League. The Austrian permanent delegate, Baron von Pflügl, who has represented his country in Geneva since 1920, immediately resigned his post before he received instructions to hoist the swastika flag.

The juridical problems arising from the disappearance of Austria are under examination by the Secretariat, in relation both to the general position under the Covenant and to the special problems arising from the League loans to Austria. Obviously those provisions of the Treaties of Versailles

<sup>1</sup> Le délégué permanent du Mexique auprès de la Société des Nations.  
Mexican Permanent Delegate, League of Nations.

and St. Germain which provide that the independence of Austria must not be compromised without the consent of the Council have been flagrantly violated. These articles can be regarded as servitudes on German and Austrian sovereignty. The position under the Covenant itself is not so clear. The German method of compelling the establishment of a Nazi Government in Austria which then proceeded to decree the suicide of Austria has made possible the legal argument that the Covenant has not been broken. The surrender of sovereignty is in itself an act of sovereignty; and if, for example, Norway and Sweden were voluntarily to re-establish their ancient union, the League would not have to consent to the disappearance of one of its Member States. But, in the light of the means employed by Germany in Austria, such fine-spun reasoning is too pedantic to be worth careful examination.

It would be hard to exaggerate the apprehension which has pervaded Geneva since the events of 12th March. At first it looked as though it might be possible to regard the *anschluss* as an isolated affair, to be deplored, it is true, because of the methods employed, but by its consummation removing a dangerous cause of instability in Central Europe. Not many took this position, and it is harder to maintain now than it was a week ago. For the incidents of the past week tend to support the contrary view that the *anschluss* is part of a larger programme, the execution of which must involve the gravest risk of hostilities on a continental scale. One must hope that the prophets of disaster are wrong; but they have the floor in Geneva, and in trying to sum up opinion I can find very little to relieve the gloom.

In the first place, it is feared that Germany is already paying in Spain the price, or part of it, for Italian acquiescence in Austria. Although there seems as yet to be no definite evidence that the Nationalist advance to the borders of Catalonia was aided by new foreign re-inforcements, my Spanish colleague has told me that German bombing planes much faster than those previously seen in Spain have appeared in quantity within the past week—planes now being used with terrible effect against Barcelona. If Germany and Italy are in fact sending munitions and men to Spain in volume, it is likely that the French Government will feel constrained to permit the movement of arms from France, involving the end of non-intervention and gravely increasing the danger of the Spanish fire spreading.

In any case it is widely believed here that Signor Mussolini intends to win new Kudos, whether in Spain or elsewhere, and that he is assured of German support. His speech last week reviewing the relations of Austria and Italy and defending the *anschluss* was notable for its omissions. One would hardly guess, for example, that on 6th October 1934 he had said at Milan: "We have defended and will defend the independence of the Austrian Republic, an independence which has been consecrated by the blood of a Chancellor who may have been small in stature but whose spirit and soul were great". Dictators cannot afford to let their laurels tarnish, and the belief is strong that the Duce is in urgent need of restoring his prestige.

In the second place, further suspicion of an international exchange of nefarious gifts arises from the action taken by the Polish Government after a petty incident on the Lithuanian frontier. It is true that there was a situation along that frontier which bordered on the ridiculous. For eighteen years a boundary marked by few natural obstacles and about three hundred miles in length had been closed to traffic of every sort. The lack of diplomatic relations between Poland and Lithuania had been extended to the severance of communications by road, river, rail and even by post. That this situation should be ended is in the interests of peace, whatever the rights and wrongs of the Vilna question may be; but that it should have been ended by a military ultimatum is altogether another matter. Polish foreign policy has long been equivocal, and situated as Poland is, a certain equivocation can be defended as almost a geographical necessity; but there can be few statesmen in Europe who inspire as general a distrust as Colonel Beck.

One might be inclined to feel satisfied that the incident has been peacefully closed by the Lithuanian acceptance of the ultimatum, were it not for the strong probability that the Polish Government, in its imitation of the German tactics against Austria, acted with the approval of Herr Hitler. The manner and timing of the *coup*, and the fact that it took place immediately after Colonel Beck's return from conversations with Signor Mussolini and Herr Hitler, support the inference that this fishing expedition in troubled waters may have made only its first catch. The storm signals in the Baltic cannot yet be taken down. Here too, the League was ignored. The Lithuanian Government informed the Secretary-General of the Polish demands but apparently did not suggest that the Council should be convened. The Polish Government acted as though the League did not exist.

Thirdly, that trouble may soon be expected in Czechoslovakia is deduced more from the change in tone of the leaders of the Sudeten-Deutsch than from any fresh statements by the Czech Government, or by the Governments of other countries. The German Government has gone out of its way to give assurances of its peaceful intentions toward Czechoslovakia, but they are paying the price of their previous behaviour in finding little credit for their assurances. The Czech Government is understood to be ready to make further concessions to the German-speaking population. Yet the feeling is abroad that the German pincers may close on Czechoslovakia at any time and that of all the danger spots of Europe this is the most explosive.

On all sides one hears, with an almost frightening unanimity, that on a clear and resolute stand by the British Government rests the hope of European peace. It is natural that Mr. Winston Churchill's speech in the House of Commons on 14th March should receive great attention and commendation in Geneva. There is considerable expectation, perhaps in part the product of wishful thinking, that either the present British Government or a reorganised Cabinet including Mr. Churchill and Mr. Eden will adopt the policy advocated by Mr. Churchill of a vigorous return to Geneva as the best and most honourable method of seeking to restore some sort of balance

in Europe. It is admitted, of course, that such a policy involves grave risks, but it is argued that the risks are not so great as the continuance of the present uncertainty, and that if new commitments are to be given, they will be most effective if given inside the Covenant.

I can find scarcely anyone who believes that the Berlin-Rome axis has been seriously weakened by recent events. The opinion rather is that it may have been strengthened through the promise of German aid to Italy. Similarly few expect that the Anglo-Italian negotiations will have a successful issue. It is felt that in the present state of affairs their real success would require the actual if not open detachment of Italy from Germany. The general expectation here seems to be that the conversations will either break down or will result only in an agreement on a number of minor questions which will leave the general situation unchanged.

Two Great Powers have during the past week issued important announcements on foreign policy. M. Litvinoff's proposal for a general conference to which Germany, Italy and Japan would not be invited has not attracted much attention here and does not seem to be regarded very seriously. Mr. Hull's speech on the foreign policy of the United States has been well received. My impression is that there is far less disposition than there used to be to criticise the United States for its aloofness from political commitments, and readier recognition that anxious concern such as that expressed by Mr. Hull is all that can be expected at present from Washington.

One distressing aspect of recent events seems likely to grow in importance. Persons returning from Austria add unpleasant details to the accounts in the press of the measures being taken against Austrian Jews and political dissidents. There has been already a certain amount of illicit emigration across the strict frontier control which was organised immediately after the German troops arrived in Austria, and this seems likely to increase as the Nazi policy of depriving Austrian Jews of their positions and of much of their property progresses. With the growth of anti-Semitism in Poland and Rumania, the problem of Jewish refugees seems destined to become more difficult than ever.

I have etc.

H. H. WRONG

871.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 84

London, March 29, 1938

CONFIDENTIAL. My telegram Circular B. 83, March 25th.<sup>1</sup> It is now expected that note informing German Government of our intention to withdraw

<sup>1</sup> Non reproduit/not printed.

Legation from Vienna and appoint a Consul General asking for an exequatur for the latter and also reserving position in regard to question relating to application of existing treaties between United Kingdom and Austria and other matters will be handed to German Government on April 2nd.

872.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

April 5, 1938

## NOTE CONCERNING POSITION OF AUSTRIA

The recent incorporation of Austria in the German Reich raises immediately the question of the action which should be taken by Canada.

2. By a communication, dated 18th March, 1938, the Secretary of State, Ministry for Foreign Affairs, at Berlin, brought to the notice of the Secretary General of the League of Nations the Law of March 13, 1938 regarding the re-union (sic) of Austria with the German Reich.

Under the provisions of that Law, Austria becomes a land of the German Reich. It is operative from the date of proclamation, which is the 30th March, 1938. The Secretary General of the League was informed that on the date of Proclamation the former federal state of Austria ceased to be a member of the League of Nations.

3. This is the only formal communication from Germany with regard to the incorporation of Austria in the German Reich.

In so far as Austria is concerned, the only formal communication received by the Canadian Government is a letter from the Honorary Consul General of Austria for Canada, dated 19th March, 1938,<sup>2</sup> informing the Department of External Affairs that he has completed the transfer of the Austrian Consulate General for Canada to the German authorities and has closed the office.

4. Notwithstanding the lack of a formal communication from the German Government, it is submitted that the Canadian Government—in view of the communication from the Consul General for Austria, and in view of the communications through the Secretary General of the League of Nations of the provisions of the German Law—would be justified in taking notice of the fact of Austrian incorporation in the German Reich.

5. Two separate problems are raised by the present position of Austria:

*In the first place*, a consideration of the legality of the German action is necessary and also of the question of what action should be taken, if at all, by the Government of Canada.

<sup>1</sup> De/by J. E. Read.

<sup>2</sup> Non reproduite not printed.

*In the second place*, assuming that it is decided that action should be taken, consideration must be given as to whether any reservations are necessary to protect any special Canadian position. This would involve the consideration of existing treaty arrangements.

6. Dealing with the first question, special reference might be made to two treaty provisions:

Article 88 of the Treaty of Peace, concluded at Saint-Germain September 10, 1919, which reads as follows:

The independence of Austria is inalienable otherwise than with the consent of the Council of the Leagues of Nations. Consequently, Austria undertakes in the absence of the consent of the said Council to abstain from any act which might directly or by any means whatever compromise her independence, particularly, and until her admission to membership of the League of Nations, by participation in the affairs of another Power.

The Austrian Covenant in the Geneva Protocol, No. 1 of 1922, which dealt with the financial reconstruction of Austria under the aegis of the League which reads as follows:

Austria undertakes, in accordance with the terms of Article 88 of the Treaty of Saint-Germain, not to alienate its independence; it will abstain from any negotiations or from any economic or financial engagement calculated directly or indirectly to compromise this independence.

This undertaking shall not prevent Austria from maintaining, subject to the provisions of the Treaty of Saint-Germain, her freedom in the matter of customs tariffs and commercial or financial agreements, and, in general, in all matters relating to her economic regime or her commercial relations, provided always that she shall not violate her economic independence by granting to any State a special regime or exclusive advantages calculated to threaten this independence.

The question arose in 1931, when a customs regime between Germany and Austria was established by the Protocol of March 19, 1931. This was, in point of form, purely a customs regime, but the question was raised as to whether the conclusion of this regime constituted a breach of the Treaty provisions cited above. The issue was referred to the Permanent Court. Eight Judges out of fifteen decided that the customs regime did not constitute a breach of the obligations undertaken by Austria under Article 88 of the Treaty of Saint-Germain. Eight Judges, however, construed the provisions of the Geneva Protocol No. 1 of 1922 in a broad sense and decided that the customs regime was not compatible with its terms.

Accepting this decision of the Court as a correct statement of the legal principles involved, it is clear that if the limited customs regime of 1931 constituted a breach of Geneva Protocol No. 1 of 1922, *a fortiori*, the incorporation of Austria in the German Reich would involve a breach of the obligations undertaken by the treaty provisions and would, therefore, be illegal. Indeed, I think that it is clear from an examination of the opinions of all the Judges, including the dissenting Judges, that if they had had under

consideration the present position, they would have unanimously decided that the incorporation of Austria by Germany was a breach of both treaty provisions.

Germany undertook an obligation similar to that contained in the Treaty of Saint-Germain, under Article 80 of the Treaty of Versailles, which reads as follows:

*Article 80*

Germany acknowledges and will respect strictly the independence of Austria, within the frontiers which may be fixed in a Treaty between the State and the Principal Allied and Associated Powers; she agrees that this independence shall be inalienable, except with the consent of the Council of the League of Nations.

Accordingly, the Germany action was plainly a breach of the Treaty of Versailles. It might be said that Germany has already repudiated that Treaty and that this is merely another instance of the breach of a treaty which Germany no longer regards as being binding.

Apart altogether from the provisions of the Treaty of Versailles, the action of the German Government would clearly be contrary to International Law, in that it involved a flagrant breach of treaty stipulations on the part of the Country which was being absorbed. Indeed, Germany is impaled upon the horns of a dilemma. If the Austrian coup is to be regarded as an act of conquest, then Austria would be absolved from any charge of breach of treaty stipulations, but Germany would be legally in the position of an aggressor committing a breach of International Law by the extinction of the independent national existence of a friendly foreign state. If, however, any attention is to be paid to the formalities adopted by the German Government in this matter, and the coup is regarded as a merger by consent of the Austrian State, there is a flagrant breach of treaty stipulations by Austria and Germany cannot avoid responsibility. Germany must be regarded as having committed a breach of International Law through inducing a breach of treaty stipulations by the Austrian Government.

7. Continuing with the first question, it is clear that the German absorption of Austria was illegal. There remains the further question as to what action should be taken by the Government of Canada.

The fact of illegality does not impose upon other states any need to adopt punitive action. In cases of flagrant illegality, there have been many instances in which a punitive period of non-recognition has been imposed by States objecting to the illegality. There could not, however, be any obligation on any State to withhold recognition of an accomplished political fact.

In the present instance, Canadian interest is remote. It is true that Canada was a party to the Treaty of Saint-Germain, but the tenuous character of the Canadian interest was shown by the fact of non-participation by Canada in the Geneva Protocols of 1922. Accordingly, while it would undoubtedly be a mistake for Canada to anticipate the action of more directly interested



countries, there would be no good reason for lagging behind other countries in giving recognition to the legal consequences of the fact of the incorporation of Austria in the German Reich.

It is submitted, therefore, that the proper course to be followed is to avoid any formal communication of any sort with the German Government which could possibly be construed as condonation of the German action, but to govern Canadian action by recognition of the fact of the incorporation of Austria in the German Reich together with the consequences resulting from such factual situation.

8. This brings us to the second question. The multilateral treaties and agreements in which Canada and Austria are both parties, and the treaties and agreements between Canada and Austria, are as follows:

- (1) The Peace Treaty of Saint-Germain, September 10, 1919.
- (2) Agreement between Canada and Austria for a Return of Sequestered Austrian Properties, November 18, 1926.
- (3) Multilateral Agreement concluded at Second Hague Conference on Reparations, discharging Austria from financial obligations and providing for a cessation of liquidation of Austrian property, January 20, 1930. (Treaty Series 1930, No. 8).
- (4) Aerial Navigation Convention 1919 (Austria acceded to this Convention in 1937, but Germany is not a party).
- (5) A series of Exchange[s] of Notes between Austria and Canada, concerning Commercial Relations (Treaty Series 1933, No. 10; 1934, No. 2; 1935, No. 3). The first two were temporary agreements by Exchange of Notes. The last was an agreement by Exchange of Notes extending commercial relations indefinitely from January 1, 1935.
- (6) Extension to Canada of Civil Procedure Convention with Austria, August 1, 1935 (Treaty Series 1935, No. 16).

Dealing with this series of treaties and agreements, there does not appear to be any Canadian interest requiring specific preservation. There is no Canadian interest under the Peace Treaty. The arrangements with regard to sequestered property have long since been spent, and there are no surviving interests in respect of Austria under the agreement concluded at the Second Hague Conference on Reparations.

In the case of the Aerial Navigation Convention of 1919, Germany is not a party, and the Canadian position vis à vis Austria would disappear. From the point of view of aerial navigation, Canadian relations with Austria are of no importance, so that there is no occasion for making a point about this particular convention.

In the case of the Commercial Agreement and the Civil Procedure Convention, there are existing arrangements with Germany, and there is no good ground for attempting to preserve any special relationship in these matters as compared with relying upon the position under the existing agreements with Germany.

9. The bilateral treaties and agreements between the United Kingdom and Austria, and certain multilateral agreements are as follows:

- (1) Geneva Protocols Nos. 1, 2 and 3, concerning the Restoration of Austria, October 4, 1922 (League of Nations Treaty Series, Vol. 12, 387)
- (2) Agreement between Austria and the United Kingdom concerning settlement of Enemy Debts, October 2, 1920. (League of Nations Treaty Series, Vol. 12, 414).
- (3) A series of agreements in the British Treaty Series, as follows:
  - 1923, No. 9 re Commercial Travellers' Samples.
  - 1925, No. 21 re Commerce & Navigation, signed in 1924, (File 630-23).
  - 1928, No. 5 re Settlement of Enemy Debts.
  - 1931, No. 5 re Liquidation of Austrian Properties.
  - 1931, No. 4 re Dissolution of Anglo-Austrian Mixed Arbitral Tribunal.
  - 1932, No. 4 re Legal Proceedings in Civil & Commercial Matters.
  - 1933, No. 7 re Air Navigation.
  - 1933, No. 35 re Air Communications.
  - 1933, No. 29 re Reciprocal Recognition of Proof Marks on Fire Arms.
  - 1935, No. 21 re Extradition (Supplementing 1873 Convention).
- (4) The Extradition Treaty of 1873, as amended in 1901 and revived in 1920, as authorized by the Treaty of Saint-Germain.

The Government of the United Kingdom, on April 2, 1938, presented a note, reserving their position in regard to questions relating to application of existing treaties between the United Kingdom and Austria and other matters. This was apparently at the same time as the change of the British Legation at Vienna to a Consulate General and the request for an exequatur. This action, of course, constituted formal recognition by the Government of the United Kingdom of the incorporation of Austria in the German Reich.

There can be no doubt that one of the points that the Government of the United Kingdom is specifically reserving is the rights of the Government under the guarantees provided by Geneva Protocol[s] Nos. 2 and 3, cited above.\* With regard to the agreements and treaties listed above, the only ones in which there would be any Canadian interest would be in the general agreements, dealing with Civil Procedure and Extradition. In so far as Canada is concerned, they would be merely replaced by the provisions of corresponding agreements and treaties with Germany. It is improbable, and indeed almost unthinkable that the Government of the United Kingdom could have in mind the preservation of existing treaty relationships generally with Austria. The Government must have had in mind that in future such matters as Civil Procedure, Extradition, general questions concerning Commerce and Navigation, would be governed by the treaties and agreements with Germany.

Accordingly, an examination of the various treaties with Germany, in which Canada was directly or indirectly a participant, leads to a conclusion that the Canadian Government would be safe in proceeding upon the basis of the extinction of all existing treaty relations with Austria and replacing them, in so far as Austria is concerned, with the corresponding treaty

\*N.B. See also Austrian Protocol, Geneva, July 15, 1932, League of Nations Treaty Series 135, p. 287, providing for further loans and guarantees.

relations with the German Reich. There could be no doubt that, legally, treaty relations with Germany would now cover Austria, without any specific provision for that purpose.

10. Accordingly, it becomes necessary to consider the detailed steps that should be taken as a result of the Austrian situation. They are as follows:

(1) Communication to the provinces that, hereafter, procedural methods with Austria will be governed by the Civil Procedure Convention with Germany.

(2) Communication by the Minister of National Revenue to all collectors that, hereafter, imports from Austria will be governed by the existing customs arrangements with Germany.

(3) Appropriate instructions from the Postmaster General with regard to postal arrangements.

(4) Communication of a simple acknowledgment to the Honorary Consul General for Austria of his letter of the 19th March, 1938.

(5) Communication to the Department of Mines and Resources (Immigration Branch) of the fact of the absorption of Austria in the German Reich.

873.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 113

London, May 3, 1938

CONFIDENTIAL. My telegram 29th March, Circular B. 84. His Majesty's Government in the United Kingdom have had under consideration the position with regard to treaties affecting Austria in consequence of the disappearance of Austria as a State. The position as we see it is that under general principle of State Succession when a State disappears as a separate entity and becomes merged into territory of another State,

(1) the existing treaty obligations of absorbing State extends to its new territory, and

(2) the treaty obligations of the absorbed State cease to exist.

There are exceptions to both these principles. Thus principle (1) would apply only to treaties which by their nature and terms are meant to apply to all territories of absorbing State, whatever at any time it may be, and not to treaties expressly confined to a particular portion of such territories. As regards principle (2) the absorbing State would be regarded as inheriting obligations of absorbed State as regards frontier treaties and other arrangements which are considered to adhere to land and financial obligations of absorbed State.

There seems little doubt majority of bilateral treaties formerly existing between United Kingdom and Austria must now be regarded as at an end though there may be particular exceptions. So far the only exceptions which

we have noted are agreements concluded with Austria since the war regarding enemy debts, liquidation of Austrian property and provisional dissolution of Anglo-Austrian Mixed Arbitral Tribunal. These three Agreements relate entirely to past events and are now of little or no practical importance.

In the case of more important bi-lateral treaties with Austria there exists corresponding treaties between United Kingdom and Germany. The treaties with Germany generally differ in some respects from those with Austria. Some treaties with Germany might be applied to Austria as they stand whereas others would require certain adjustments of detail before they could be applied to Austria. There are also some treaties with Austria to which there exists no corresponding treaties with Germany and it may be necessary in some of these cases to ask the German Government to continue for the present to apply the existing treaty arrangements in Austrian territory. A further question is whether all other bilateral treaties with Germany can be regarded as extended to cover Austria even though no corresponding treaty between United Kingdom and Austria has hitherto existed.

The questions referred to in the preceding paragraph are being considered and in the meantime His Majesty's Ambassador in Berlin is being instructed to address to the German Government a note of which the substance is contained in my immediately following telegram.

As regards multilateral treaties it is necessary to consider the position in regard to three categories.

- (1) Treaties to which the United Kingdom, Austria and Germany were parties;
- (2) Treaties to which United Kingdom and Austria alone were parties;
- (3) Treaties to which United Kingdom and Germany alone were parties.

The examination of this question is in hand. As regards category (1) it is thought there should in general be little change in the position. In cases where Germany and/or Austria made reservations, the German reservations if any, will presumably alone apply. In cases where Germany and Austria were both members of an International Bureau, the Austrian membership and Austrian subscription will normally be terminated. The Financial Agreements with Austria to which Germany was not a party will require special consideration.

874.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 114

London, May 3, 1938

CONFIDENTIAL. My telegram Circular B. 113 of today. Following is substance of proposed note to German Government, Begins: His Majesty's

Government in the United Kingdom have had under consideration the position with regard to treaties affecting Austria in consequence of German Law of March 13th.

There are certain bi-lateral treaties with Austria which correspond very closely to similar treaties between the United Kingdom and Germany and where latter treaties are of such a kind that their provisions can be applied to Austria as a part of the Reich without the necessity of any adaptation. His Majesty's Government in the United Kingdom therefore assume that, in accordance with ordinary legal principles, in the case of these treaties the treaty between the United Kingdom and Germany may now be held to cover Austria and correspondingly the treaty between the United Kingdom and Austria may be held to have lapsed.

The treaties referred to in the preceding paragraph between the United Kingdom and Germany, which in the view of His Majesty's Government in the United Kingdom may henceforth be deemed to apply without amendment to Austria as well as Germany, are the Commercial Treaties of December 2nd, 1934, Extradition Treaty of 14th May, 1872, Extradition Treaty of August 17th, 1911, Air Navigation Agreement of June 29th, 1927, with amending Agreement of July 5th, 1930.

The corresponding treaties between the United Kingdom and Austria which are assumed to have been replaced by foregoing treaties with Germany are Commercial Treaty of May 22nd, 1924; Extradition Treaty of 3rd December, 1873; Extradition Declaration of 26th June, 1901; Supplementary Extradition Convention, 29th October, 1934; Air Navigation Convention of the 16th July, 1932.

His Majesty's Government in the United Kingdom will be glad if the German Government will confirm that they concur in views expressed in the previous paragraphs. Ends.

875.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 24

London, May 3, 1938

CONFIDENTIAL. My telegram of today, Circular B. 113. Would His Majesty's Government in Canada wish that His Majesty's Ambassador at Berlin should make any communication to German Government as to:

- (1) Position in regard to bi-lateral treaties between Canada and Austria, and
- (2) Application to Austria of bi-lateral treaties between Canada and Germany.

Only case under (1) which has been noted here is Exchange of Notes of July 6th and July 8th, 1933, as to Commercial relations. It is observed

that there were somewhat similar Exchanges of Notes with Germany of December 20th and December 27th, 1932, and March 29th and March 30th, 1933.

As regards (2) following Agreements have been noted here:

Clearing Office Claims, November 4th, 1929; Release of German Property, January 14th, 1930; Shipping Taxation, April 17th, 1930; Release of German Property, 15th October, 1930; Commercial Relations, 22nd October, 1936; Payments, October 22nd, 1936.

876.

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commission to Under-Secretary of State  
for External Affairs*

826/1

Ottawa, May 5, 1938

CONFIDENTIAL

My dear Dr. Skelton,

You will have seen the circular telegrams Nos. B. 113 and B. 114 of the 3rd May addressed by the Secretary of State for Dominion Affairs to the Secretary of State for External Affairs on the subject of the position arising out of the disappearance of Austria as a state in so far as treaties to which Austria was formerly party are concerned.

It was explained in these telegrams that certain bilateral treaties which formerly existed with Austria correspond very closely to similar treaties with Germany and that, in so far as the United Kingdom Government are concerned, it is proposed to inform the German Government that in these cases they regard the treaties with Germany, in accordance with ordinary legal principles, as now covering Austria and the corresponding treaties with Austria as having lapsed. Among the treaties thus specified in the telegrams under reference were the two main extradition treaties with Germany of the 14th May 1872 and 17th August, 1911 and their counterparts the extradition treaty with Austria of the 3rd December, 1873 and the extradition Declaration of the 26th June, 1901. These treaties apply to the whole of His Majesty's dominions, though there exists also a supplementary extradition Convention with Austria of the 29th October, 1934, which does not apply to Canada.

The High Commissioner wishes me to say that, in commenting on the foregoing points, he has been instructed to cause an informal communication to be made to the Canadian Government to the effect that the Government of the United Kingdom hope that the Canadian Government will take a similar view of the position of Canada in relation to the treaties in question to that taken by themselves, in so far as the United Kingdom are concerned, as indicated above. They do not feel, however, that it will be necessary to make any communication to the German Government on this point unless

the Canadian Government specially desire this to be done. Sir Francis Floud will be glad to learn in due course what the views of the Canadian Government on this subject may be.

Yours sincerely,

STEPHEN L. HOLMES

877.

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre adjoint des Postes*

*Under-Secretary of State for External Affairs  
to Assistant Deputy Postmaster General*

Ottawa, June 25, 1938

Dear Mr. Coolican,

Referring to your letter dated the 23rd June, 1938,<sup>1</sup> concerning the effect of the absorption of Austria by Germany, I may say that there is nothing further of an official nature with regard to this situation.

I assume that postal arrangements with the country which was formerly Austria have now for some time been carried on with the German authorities. I also assume that if any problem results from balances due from the Austrian Government, with which you are unable to deal in the ordinary manner, you will let me know. The Canadian Government has avoided making specific reservations of claims against Austria, and has been proceeding on the assumption that there are no actual claims against the old Austrian Government subsisting.

Yours sincerely,

O. D. SKELTON

878.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 216

London, July 1, 1938

CONFIDENTIAL

Sir,

With reference to my predecessor's circular telegram B. No. 114 Confidential of the 3rd May, I have the honour to state that the proposed note regarding the effect of the incorporation of Austria in the German Reich on certain bilateral treaties with those countries has been communicated to the German Government.

2. A despatch has subsequently been addressed to His Majesty's Ambassador at Berlin, informing him that it is desirable, for practical reasons,

<sup>1</sup> Non reproduite/not printed.

to determine as soon as possible, the position in regard to the service in Austria of judicial and extra-judicial documents and the execution of Letters of Request emanating from the Courts of the United Kingdom.

3. Prior to the incorporation of Austria in the Reich the position was governed by the Convention with Austria of the 31st March, 1931, regarding legal proceedings in civil and commercial matters. This Convention corresponds in all material respects with the similar Convention with Germany of the 20th March, 1928. Whereas, however, under Articles 3(d) and 7(c) of the Convention with Austria documents for service or execution have to be transmitted to the Federal Ministry of Justice, the corresponding authority under Articles 3(a) and 9(c) of the Convention with Germany is the President of the Landgericht.

4. Sir Neville Henderson has been asked to bring this matter to the notice of the German Government and to state that His Majesty's Government in the United Kingdom presume that in future the Convention with Germany will apply to Austria as to other parts of the Reich, and the Convention with Austria ceases to operate. He has been instructed to point out that in that case it is necessary for His Majesty's Government in the United Kingdom to know the name of the authority in Austria to whom British judicial and extra-judicial documents and Letters of Request should be addressed, and to suggest that the names of these authorities should be placed on record in an exchange of notes.

5. It is hoped to address a communication to His Majesty's Governments in the Dominions in the near future regarding the action which it is proposed to take in Berlin with regard to multilateral treaties.

6. I should be obliged if I could be informed whether His Majesty's Government in Canada are yet in a position to furnish a reply to my predecessor's telegram No. 24 Confidential of the 3rd May.

7. This despatch is being sent to Canada No. 216 New Zealand No. 202 the Union of South Africa No. 73 and Eire No. 84.

I have etc.

STANLEY

879.

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commission to Under-Secretary of State  
for External Affairs*

826/1

Ottawa, September 9, 1938

CONFIDENTIAL

Dear Dr. Skelton,

In his letter of the 20th June Mr. Holmes referred to the circular telegrams Nos. B.113 and B.114 of the 3rd May addressed by the Secretary of



State for Dominion Affairs to the Secretary of State for External Affairs on the subject of the position arising as the result of the disappearance of Austria as a State, and asked whether you were in a position to let him know the answer to the enquiry made in his earlier letter of the 5th May regarding the views of the Canadian Government on the necessity of a communication to the German Government concerning the position of Canada in relation to the treaties in question.

I should be grateful if you could tell me whether we may hope for a reply on this subject in the near future.

Yours sincerely,

PAUL MASON

880.

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commission to Under-Secretary of State  
for External Affairs*

826/1

Ottawa, November 12, 1938

CONFIDENTIAL

Dear Dr. Skelton,

The High Commissioner has asked me to remind you of the letters addressed to you from this Office on the 5th May, the 20th June<sup>1</sup> and the 9th September, requesting that if possible you would communicate the views of the Canadian Government on certain points arising out of the disappearance of Austria as a state, with consequent effect upon treaties to which Austria was formerly party.

Sir Gerald Campbell will much appreciate an early reply on this subject, in view of the fact that several months have elapsed since the matter was first raised.<sup>2</sup>

Yours sincerely,

STEPHEN L. HOLMES

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> Voir le doc. 911/see doc. 911.

## PARTIE 6 PART 6

TCHÉCOSLOVAQUIE<sup>1</sup>CZECHOSLOVAKIA<sup>1</sup>

881.

*Mémemorandum*<sup>2</sup>*Memorandum*<sup>2</sup>

SECRET

November 30, 1937

RE: CZECHOSLOVAKIA

During the year I have read with special attention the F.O. prints from and to Prague, and I have just read carefully the Czechoslovakia Annual Report, 1936, by the British Embassy there.

All this, as well as such other material as I run across about that state, leaves in my mouth an extremely bad taste. During a visit to Germany and Czechoslovakia in 1924 I formed some apprehensions along these lines, though I do not pretend that I then thought things would get so vicious as they now appear.

Benes is a clever intriguer and blackmailer, incessantly at it and missing few tricks. The net result seems to be that his country is not on really good terms with a single one of her five neighbours and is on definitely bad terms with three of them, Germany, Poland and Hungary (i.e., including the two most powerful); while her two partners in the Little Entente seem to grow more and more distrustful and at arms length.

A big question mark is how far, through his democratic window dressing, through his being such a white haired boy at Geneva and his cleverness at stacking the cards there, his architecture of the Soviet alliance network with its interlocking across the channel through France, has succeeded in outwangling and compromising the U.K. The F.O. could doubtless write reams to prove he has not; but the fact that they would have to write reams is probably the most damning thing of all, for the obscurity loads the dice in his favour.

882.

*Mémemorandum*<sup>3</sup>*Memorandum*<sup>3</sup>

November 30, 1937

CZECHOSLOVAKIA

There's a good deal in your comments. Everywhere in Europe the under-dog learns little or nothing when he becomes upper dog. My casual impres-

<sup>1</sup> Pour plus amples renseignements concernant la Tchecoslovaquie voir chapitre VII, les doc.: 933, 936, 962.

For further information concerning Czechoslovakia see Chapter VII, docs.: 933, 936, 962.

<sup>2</sup> L. C. Christie à/to O. D. Skelton.

<sup>3</sup> O. D. Skelton à/to L. C. Christie.

sion of the Czechs as a race was of a pretty hardboiled tough lot, & of Benes as an accomplished wirepuller. But they're relatively a progressive and democratic people, & I don't think the F.O. are prejudiced in their favour—rather the contrary if I may judge by some strong words about Benes.

883.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 72

London, May 26, 1938

CONFIDENTIAL

Sir,

The German-Czechoslovakian dispute last week-end was possibly the gravest of those periodic crises that have threatened the peace of Europe since the Nazi party acquired power in Germany. The German Press are at the moment vigorously attacking the Government of this country for having manufactured this particular crisis in order to engineer a diplomatic defeat for Germany and a diplomatic triumph for itself. The official telegrams, which you have seen, give no support to this view of recent developments. I can add my personal assurance that the very grave view taken here of the situation is based solely on the immediate facts of the case, and not on the possibility of political or diplomatic advantages, or even ultimate and comprehensive solutions. The fact that the situation seems at the moment of writing to have sensibly improved has not encouraged either the Government or the Press (with a very few exceptions) to take an optimistic view of the future. This particular cloud may have passed without a storm, but the barometer is not yet set fair.

There have been some suggestions that the Czech week-end crisis is not unrelated to the recent visit of Herr Hitler to Rome. Certain newspapers have discerned a relationship between Mussolini's Genoa speech of May 12th, with its uncompromising attitude on the Spanish question and a more active and aggressive German policy towards Prague. Whether both "offensives" were to be actively and simultaneously pursued or whether one was a feint to distract attention from the other, are questions concerning which it is easy to speculate but difficult to answer. Possibly there is no answer.

Whatever the origin of the week-end storm, there seems to be little doubt that it had within it the most tragic possibilities, which were averted mainly because of the firm and friendly intervention of the British Government both in Berlin and Prague. The nature and scope of this intervention has been explained in cables sent you from the Dominions Office. A member of

my staff, however, has had an opportunity of seeing all the telegrams received at the Foreign Office during recent days and these provide some additional and interesting information.

A perusal of these telegrams, as well as the records of telephone messages, emphasises the cool and competent way in which the British Ambassador in Berlin has handled his end of the situation. Sir Nevile Henderson's first messages on Saturday last (May 21) were not reassuring. The Ambassador took a rather pessimistic view of the situation, largely, I suspect, because of the attitude of Herr Ribbentrop whom he found "highly excitable and pugnacious" and who was reported as having argued and stormed that the "Czechs were mad and if they proceeded in their present attitude they would be destroyed." Von Ribbentrop's attitude was in contrast with that shown by the permanent Secretary of the Foreign Office, von Weizsacker, in subsequent interviews. The British Ambassador found him objective and moderate in tone.

On Saturday, after his first interview, Sir Nevile thought the situation "critical" and emphasised to the Foreign Secretary his view that "the last hope of a peaceful solution depended on the wisdom of the Czechs." In a later message he repeated, "the key to a peaceful solution lies in Prague, not in Berlin," and stated that in his view "if there were more incidents or bloodshed nothing could stop the German Government from intervening." Consequently, Sir Nevile advocated taking the strongest steps possible to urge Prague to prevent further provocation at all costs. He was also very critical of the Czech partial mobilisation which he considered most unfortunate.

Incidentally, no conclusive evidence has been reported to confirm the rumours of German troop movements which the Czech Government have used to justify this partial mobilisation. On Sunday the British Military Attaché in Berlin spent the day motoring in the area where such movements were reported. He states that there were no definite indications of troop concentrations, and no signs of unusual military movements except the activities of certain signalling units in running up over-head wires. He also saw no signs of any great excitement among the civilian population in the border districts, but he admits that the rainy weather may have had something to do with this. In any event, with the recent experience of Austria in mind, one can hardly blame the Czech Government for refusing to be caught unprepared in an eventuality which at the time could not have appeared improbable.

Though the British Ambassador was emphatic that the effective steps for peace must be taken in Prague, there is considerable evidence that the steps which, on instruction, he himself took and took so firmly in Berlin made a considerable contribution to that end. His first efforts, namely, to urge Ribbentrop to advise Herr Henlein and his followers to show moderation and restraint, were, it is true, complete failures. Twice he made this request and twice the German Foreign Secretary curtly refused. This was to be deplored, because there is no doubt that such intervention would have been,

and would still be decisive. As Sir Nevile Henderson pointed out "the force of Germany behind the Sudetens is more decisive than that of the Czechs over them."

The British Ambassador was more successful, apparently, in his efforts to impress the German Government that they could not count on Great Britain disinteresting herself from any developments that might occur in the situation. The citation from Mr. Chamberlain's statement made in the House of Commons some weeks ago may have had some effect, but possibly even a greater impression was made by the carrying out of Lord Halifax's instructions to tell the German Foreign Secretary that it was "quite impossible to foretell the results that might follow from forcible measures—I would beg him not to count on this country being able to stand aside if, from any precipitate action by Germany there would start a European conflagration."

In the light of opinion in this country at the moment, there may have been an element of bluff in that warning; if not, it may be held to prove that the Churchillians are right when they argue that in any European crisis arising out of German policy in Central Europe, Great Britain must automatically and irrevocably range herself alongside France.

But whether bluff or considered policy, the British stand seems to have made a strong impression in Berlin, and in other European capitals. It may well have been decisive in preventing rash action by Germany. When coupled with the strong pressure brought on Prague to bring about a comprehensive and peaceful settlement of her difficulties with the Sudeten Germans, and with the equally strong advice to Paris that the French government exert all its weight in the same direction, it does, I think, go far to justify the activist policy adopted by the British Government in this crisis. That policy may have infuriated the Nazis by disclosing the limitations of their diplomatic position in Europe, but it has, apparently, increased British prestige in every other European country and has been, I think, decisive in preserving the peace—for a time at least.

The telegrams which have been passing between London and Paris suggest that the Government here are not unaware that there is danger lest France read too much into this British intervention—that, while an element of bluff, if you will, in Berlin may have been wise policy at the moment, it was essential that the French themselves should not be deceived by any natural but unwarranted deductions from this fact. The Government is obviously anxious lest the French should read too much into British assurances of diplomatic cooperation and support. You will have been aware of the steps taken to meet this danger, and their effect in Paris.

The Quai d'Orsay seem to have been moderate and helpful throughout, and to have seconded wholeheartedly British efforts to leave Prague under no illusions as to the necessity for making every possible contribution, however unpalatable, to a peaceful settlement of the immediate crisis and of the deep-seated differences with Germany which brought about that crisis. Possibly no more important statement has been made in these fateful days than that

of M. Bonnet when he assured the British Ambassador in Paris that if the Czechs were wholly unreasonable the French Government might well declare that France considers herself to be released from her bond.

Telegrams received in the Foreign Office from other European countries dealing with the events of the week-end throw considerable light on the general diplomatic situation. Lord Perth has reported Italian isolation from this particular dispute, and the refusal of the Duce or Count Ciano to take an alarmist view of the situation. The Chargé d'Affaires in Moscow has telegraphed his opinion that the Soviet would not be likely to help Czechoslovakia if she were attacked, unless or until a general conflagration got under way. It is, perhaps, not too comforting to learn that the German Ambassador in Moscow has also been telling *his* Government that they need not worry much about Soviet intervention. His reasons, Soviet internal disunity and discord, may not arouse any particular sorrow outside Russia, but the encouragement given by the advice itself to the wilder spirits in Berlin would not be helpful in counselling moderation.

In Bucarest, the Foreign Minister informed the British Minister that he had offered to Germany the good offices of his Government in bringing about a settlement of difficulties with Czechoslovakia. He also told the Minister that he considered it most important that Berlin should be convinced that Great Britain would line up with France if Germany refused such a settlement. His further contribution to peace, therefore, was to impress on the German Ambassador his absolute belief in this alliance. M. Bonnet told the Ambassador in Paris on Monday that Rumania had "played up nobly" and had promised full support.

Poland, on the other hand, has taken up an attitude almost exactly the opposite to that given sensational publicity here in the "Evening Standard" of May 23rd, where she was stated in large headlines to have saved Peace by warning Germany she would assist France in case of war. In actual fact, the Polish Ambassador in Paris informed M. Bonnet that in case of trouble between Germany and Czechoslovakia involving France, the Franco-Polish Alliance would not necessarily come into operation—that Poland reserved the full right to decide its own policy in the light of circumstances. There is a certain amount of evidence that Poland hopes to fish profitably in these troubled waters. She seems at the moment, to be encouraging Slovak autonomous movements in the hope of acquiring, if not actual territory, at least a "sphere of influence" in Slovakia, if and when, Czechoslovakia should break up. "Partition" is a word with tragic associations for Poland. When applied to a neighbouring state, however, the idea behind it seems to have some attractive features!

Reports to the Foreign Office indicate, finally, that Yugo-Slavia would stand aloof in any Germany-Czechoslovakian quarrel; but only if Hungary also stood aloof. If Hungary attempted to take advantage of Prague's difficulties then Yugo-Slavia would fulfil all her Little Entente Treaty obligations.

In short, two things have been revealed by the events of last week. First, the carefully built up French system of alliances in Central Europe has ceased to function effectively. At the same time, France has retained a firm ally in Czechoslovakia, a probable one in Rumania and a possible one in Yugo-Slavia. There are, in other words, still elements of strength in her position in this part of the world. Secondly, Germany has not been able to profit by the partial disappearance of the French system to the extent of acquiring any friends for herself, apart from Italy. Greater Germany, in other words, is still isolated in Central Europe in an emergency, so far as active help is concerned. Even the Rome-Berlin axis means, apparently, very little if the quarrel is over Czechoslovakia—or Poland—or Memel. Hungary is immobilised by Yugoslavia; Poland by Soviet Russia. Germany stands alone.

It is no doubt this realisation of diplomatic isolation in her efforts to force a solution of the Sudeten and similar problems, that has been the source of the anger of the German Press during the last few days. On the other hand, the despised democracies, England and France, have shown themselves resolute and powerful. Hence, Nazi gnashing of teeth, and pleased, or at least, interested surprise in smaller European capitals. The "Glasgow Herald" states the result, "The stemming of a German imperialist drive begins to look a less hopeless undertaking than it did a few days ago."

The French and British Governments are not, it would seem, making any political capital out of this situation. Care is being taken not to humiliate Germany. Even the "Daily Herald" says, "There is no question of diplomatic victory or diplomatic defeat. The victory (if victory it proves to be) is for Peace." But the "Herald" goes on to add, and this is echoed in other newspapers, "Both Germany and Czechoslovakia have been reminded of the far-reaching consequences of any rash use of force."

This does, in a sense, mean a diplomatic defeat for Germany, but it can also mean a step towards general appeasement if Germany reads aright the lesson of the week's events. Germany has had a check. If, despite that check, she persists in efforts to force her way through the obstacles confronting an aggressive policy in Central Europe, the next of such efforts may have more tragic consequences than this one has had. If, however, having learned that aggression will not always go unresisted, she turns from that policy, there is no doubt that Mr. Chamberlain's government will meet her more than half-way.

There is a general feeling in the Press here that the decision now rests with Berlin and that if the wrong one is made, the situation will rapidly become almost hopeless. "It's up to Germany," says the "Liverpool Post" while the "Birmingham Post" expresses the same view. "The final decision lies with Germany. One cannot help feeling it will be affected by her reading of French and British policy—and courage."

There is, further, a general feeling that events of the last week have demonstrated that the Nazi theory that what happens at Prague or on the

frontier is no business of Britain or France has once and for all been disproved. The Beaverbrook and Rothermere Press still proclaim its truth, but even they seem to approve the Government's departure from it during recent days as justified by an exceptional emergency and as never, in any case, involving anything more than diplomatic action.

This attitude seems to me to illustrate certain dangers in the present situation. Great Britain has acted, in a sense, as a successful mediator. The Government is naturally pleased with the apparent success of its policy. Next time it may intervene even more vigorously. But intervention of this kind involves advice, and even pressure. This, in turn, involves responsibility if that advice is taken, and the result should be not peace, but war. No danger of this kind can arise from British diplomatic action in Berlin, but in Prague? If Czechoslovakia is forced to make every concession for a settlement with Germany, and yet Germany refuses to accept them as a basis for such a settlement and takes aggressive action, is Great Britain then to wash her hands of the whole affair? As the "Birmingham Post" puts it, mildly enough, "If Prague has been persuaded to go slowly, surely her foreign advisors have a certain responsibility to make sure that she shall not be alleged, falsely, to have gone too fast."

Furthermore, the difficulties in this position are increased by the very success of British policy in the recent crisis. That policy has been interventionist, almost automatically so, and has won almost unanimous approval at home and abroad (except in Germany!). The general Press reaction to this is two-fold. First, as the "Western Mail" states, "It has shown Germany that while refusing to enter into any formal commitment to Czechoslovakia, Great Britain is far from being disinterested in the fate of the little Republic." Secondly, when Great Britain intervenes firmly with France, in a good cause, Germany drops back. Some papers, and not all of them are opposition papers, consider this an argument both for further firmness and not "collective action" planned in advance.

There is, at the same time, a general realisation that the recent crisis has shown how essential it is for Germany and Czechoslovakia to reach a settlement which will make British intervention, with its admitted dangers, unnecessary. I must confess that there does not seem to me to be much ground for optimism that the Sudeten question can be solved shortly in such a way that relations between Germany and Czechoslovakia can be put on a permanently friendly basis. On the other hand, there is reason to believe that Paris and London have now convinced Prague that she must make every possible sacrifice to this end. Once again it is "up to the Nazis."

There is one factor, however, which may make for appeasement. The crisis itself may, as the "Manchester Guardian" puts it, have been "manufactured in Germany and consisted really in nothing but a sudden increase of German pressure." But, even if this were true, Czech resistance to that pressure, backed by the firm attitude of France and Great Britain has brought Europe right up against the tragic dangers of the present international situa-



tion. The only comfort one can get out of this is the possibility that such a close approach to the precipice may have inspired feelings of caution which will now make it somewhat easier for all states to take a safer course. Unfortunately, neither caution nor a desire for safety seems to be the dominating characteristics of Messrs. Hitler, Goering and Ribbentrop.

I have etc.

VINCENT MASSEY

884.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 315

Ottawa, June 28, 1938

CONFIDENTIAL

Sir,

I have read with great interest your confidential despatch No. 72 of May 26th upon the events of the previous week-end centring on the problem of Czechoslovakia, and I am glad to have the benefit of your information and comments in supplement of what was otherwise available here.

In the prevailing atmosphere of tension and controversy the tendency sometimes displayed in various quarters to be preoccupied with the passing of final judgments, or even to be boastful, is perhaps to be expected, though naturally it does not lessen the task of those who are responsible for dealing with day to day issues and who have to proceed on a more tentative basis. The United Kingdom Government appear to be doing their utmost to maintain the attitude of objectivity required by the role and circumstances in which they find themselves placed.

No attempt to go over the ground of these particular events is called for here, but one or two reflections of a general nature suggest themselves. A good deal of curiosity about the Czech mobilisation measures is, I feel, warranted. In the light both of historic analogies and of the inherent dynamics of such a device, it is clearly one which, if it is to be given a place as an instrument of practical statesmanship, requires supreme qualities of judgment and control. Between the stage where it may be argued to have that place and the stage where its practical effect, for the states immediately concerned, is to put the shape and control of events in the hands of the military, is only a hairline, and it is one that cannot be seen until it has been passed. No impressive confirmation of the allegations of German mobilisation during the week-end in question has come to hand, while it is difficult to imagine the evidence not being forthcoming if conclusive.

This aspect of the whole matter serves to point up Mr. Chamberlain's analysis at Westminster on March 24th of the effect of guaranteeing Czech-

oslovakia either directly or by way of underwriting the Franco-Czech alliance: "the decision as to whether or not this country should find itself involved in war would be automatically removed from the discretion of His Majesty's Government". Given the actual circumstances confronting them, it is intelligible that both the British and the French Governments should be very practically concerned about these mobilisation steps. It is equally intelligible that they should be practically concerned about the conduct of other aspects of policy in Prague. No new guarantee was given; indeed words of guarantee of this sort must always have a dreamlike quality unless there is confident assurance of the overwhelming support of the people. Yet, if there is a probability, as appears to have been publicly recognised, of Great Britain being drawn into any general conflagration that might occur in Europe, the practical implications, as regards the seat of discretion and the position of Czech statesmanship, to say nothing of the more formal ties radiating from France, are not reassuring. Advice, it is true, may be given, but it is only advice and material for calculation; it is not control, and advice may come from many quarters. So that, so far as the array of peoples on the side of the Czechs is concerned, the final calculation and decision lies with whatever element may be uppermost at Prague.

Another aspect of the position that must cause reflection, showing itself not only through the press but in other ways, has been the extreme niggardliness of the indications forthcoming from Moscow as to the attitude and contribution of Soviet Russia toward the particular events and situation in question. I note from your despatch the opinion of the British Embassy there to the effect that the Soviets would be unlikely to help Czechoslovakia if she were attacked unless or until a general conflagration got under way. In view of the place that catastrophe and destruction have occupied in the exposition and actual demonstration of the Soviets' special social doctrine, as well as the possibility that, from the nationalistic viewpoint, a general European conflagration, coupled with the minimum of armed intervention and expenditure on their part, might enhance their relative power and influence, a good deal more light from that quarter would not be amiss. It appears somewhat remarkable that throughout the passionate polemics that have stirred the Western world in recent times the press and other observers should have remained content to leave the Russian enigma so relatively unnoticed.

With great conflict and tension already at work both on the Western edge of Europe and on the Far Eastern edge of the Eurasian continent, with great armaments piling up throughout the world, with international economic struggles so active, with the prejudices and combative instincts of millions of men in all countries being played upon, the scene has long had many of the attributes of a condition of actual general warfare. The increased tension and disturbance in Czechoslovakia in her intermediary position between west and east now doubtless adds a serious new element to that condition. In fact governments everywhere have for a long time appeared to treat events much as if such a condition did exist. It is not a con-

dition in which a widely agreed acceptance of general, creative ideas can be counted on. It is the kind of condition in which national preservation becomes the first duty, everyday decision has to do with practical expediency, and the expedients have to be chosen with the utmost care that time will allow. Controversies will arise, but the choice in this realm of practical expediency has to be based predominantly on the judgment of those who command the best available technical knowledge and the best available knowledge of the circumstances and powers of others concerned.

I have etc.

O. D. SKELTON for the . . .

885.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM

Paris, September 9, 1938

**MOST IMMEDIATE.** Following for Prime Minister from the Canadian Minister at Paris, Begins: The impression prevails in Europe that war is inevitable. As I hold Hitler for an intelligent man, my opinion is that peace can be preserved. I feel that the German Chancellor will not take the risk of spoiling his wonderful achievements in Germany. This is naturally a personal outline of situation. Nevertheless French are ready to meet any contingency with very remarkable coolness. The present French Prime Minister has full and unanimous confidence of country. Ends.

886.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

PARAPHRASE OF TELEGRAM 198

London, September 14, 1938

**CONFIDENTIAL.** Foreign Office telegrams this morning indicate that Czechoslovak situation whilst still highly dangerous is somewhat easier than last night when alarming reports were received. In spite of press reports of unswerving French support of Prague, Foreign Office information today suggests the contrary and that French might modify their position to the extent of considering support for a plebiscite. French now actively canvassing possibilities of Four Power Conference. On the whole official information more cheerful than noon newspapers report. My own view is that unless immediate German or Czech action makes any peaceful solution impossible, French and British Governments may now swing around to some form of

plebiscite as essential to avoid war. This morning the Cabinet met for three hours but the meeting led to no new developments. I shall not telephone today unless absolutely necessary. Ends.

MASSEY

887.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 43

Ottawa, September 14, 1938

IMMEDIATE. Following from Prime Minister for your Prime Minister, Begins: May I express my profound admiration for the vision and courage shown in your decision to have a personal interview with Herr Hitler, and convey my heartfelt wishes for your success. I am issuing the following statement to the press of Canada tonight:

I have conveyed to Mr. Neville Chamberlain the deep satisfaction with which my colleagues and I have learned that his proposal for a personal conference with Herr Hitler, of which I was advised this morning, has been agreed to and that a meeting is being arranged tomorrow. I am sure the whole Canadian people will warmly approve this striking and noble action on the part of Mr. Chamberlain. Direct personal contact is the most effective means of clearing away the tension and misunderstandings that have marked the course of events in Europe in recent months. Mr. Chamberlain has taken emphatically the right step. The world will hope that tomorrow's conference will create an atmosphere in which at last a solution may speedily be found of the problems which have threatened peace.

Ends.

888.

*Le Premier ministre à l'ambassadeur de Grande-Bretagne en Allemagne*  
*Prime Minister to British Ambassador in Germany*

PARAPHRASE OF TELLGRAM

Ottawa, September 14, 1938

IMMEDIATE. If you consider it would be helpful I should be glad if you would have the following message from me conveyed immediately to Herr von Ribbentrop. Begins:

*Strictly personal.* I recall at this time with deeper appreciation than ever your good offices in facilitating the arrangements for my visit to Germany in June of last year and the memorable interviews which I had with Herr Hitler and others at that time. Should opportunity permit, I should be deeply grateful if you could let Herr Hitler know how thankful I am that he and Mr. Chamberlain are to meet each other tomorrow and have a

conference together, and how sincerely I hope and believe that their joint efforts may serve to preserve and further the peace of the world and the wellbeing of mankind. Mackenzie King. Ends.

889.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 46

London, September 15, 1938

IMMEDIATE. Your telegram No. 43. Following is personal message from Prime Minister for your Prime Minister, Begins: On the point of leaving for Germany I send you my warmest thanks for your message which has greatly touched and encouraged me. Ends.

890.

*L'ambassadeur de Grande-Bretagne en Allemagne au Premier ministre*  
*British Ambassador in Germany to Prime Minister*

PARAPHRASE OF TELEGRAM

Berlin, September 15, 1938

IMMEDIATE. Many thanks for your most useful and timely message which I have duly delivered.

HENDERSON

891.

*Mémorandum*<sup>1</sup>  
*Memorandum*<sup>1</sup>

SECRET

September 15, 1938

RE: DRAFT STATEMENT

The draft hereunder is based upon the following assumptions:

(1) That the contingency contemplated for the statement is one where Canada has been subjected to the legal status of war with Germany as an instantaneous, automatic, constitutional consequence of the King's having somehow declared or accepted war with Germany on the advice of the United Kingdom Ministry and without qualification—that is to say, where the Canadian Ministry have not specifically purported, in the legal constitutional sense, to exercise any responsibility for Canada's being subjected to this legal status of war. If by any chance a different kind of position should develop—if, for example, the British Ministry should consider it feasible and

<sup>1</sup> De/by L. C. Christie.

expedient to purport to qualify their action so as to produce the legal status of war with Germany only "in respect of the United Kingdom"—then another kind of preliminary decision might have to be taken by the Canadian Government and something more added to the preamble of the statement.

(2) That no formal, official statement relating to the subject of Canada's being at war will be issued until after Great Britain has actually declared or become at war with Germany.

(3) That any formal, official statement to be issued immediately after that event and before Parliament meets should be as objective as possible; should cover no more than is absolutely essential at that moment; and particularly should avoid any definition of the causes and objects of the war or any statement or implication that Canada's definition is to be identical with other peoples' definitions. This is essential because such a definition, which necessarily governs the character and extent of the actual belligerent steps to be proposed, requires very careful consideration and ought to be made first to Parliament (which, in the classic formula, is to decide on the steps to be taken in the light of all the circumstances at the time). Even at that, the time available for studying the matter and sounding opinion and so on will be too short. No one is entitled to press a demand so frivolous and irresponsible as that judgment on an issue so far reaching should be formulated and announced only a single moment after the case is closed. If it should turn out that other Governments concerned had had opportunity to meet their Parliaments and submit their definition of the objects of the war, the case for the Canadian Government waiting for its Parliament would be the more obvious; though even if the others had not done so, the case for Canada's doing so, in her different circumstances, would remain as strong.

#### *Draft Statement*

The people of Canada are aware of the (tragic) course of recent events in Europe which has today culminated in a declaration of war against Germany by His Majesty the King on the advice of the United Kingdom Government.\*

The Government are advised that consequently, in view of the existing constitutional position, the Dominion of Canada is at this moment legally in a state of war with Germany.\*\*

Parliament has been summoned to meet on the ..... day of ..... (The Government have no doubt every member will recognise the over-riding necessities of this occasion and be prepared to attend on that day.)

Meanwhile the Government have instructed the appropriate Departments and agencies to put into effect certain national defence and security measures

\*The words following the word "culminated" might have to be revised according as the facts turned out.

\*\*Should not the Law Officers of the Crown be asked to be prepared to give their opinion in writing at the moment in question?

already planned for such an emergency. These include measures relating to financial stability, sabotage, shipping, aliens, censorship, and other like matters as well as certain measures for the same purpose by the three military services. To insure adequate authority for all such measures the Government have proclaimed the War Measures Act, which Parliament has retained on the statute book and which imposes far reaching responsibilities and authority upon the Governor in Council "in the event of war or emergency real or apprehended"\*\*\*

Meanwhile also the Government, during the short time available, will endeavour to study every aspect of the position with the purpose, in accordance with constitutional practice, of submitting to Parliament when it meets a full statement of the position as it affects Canada and such proposals as may appear appropriate.

No words are needed to impress upon the Canadian people the gravity of the position confronting their community life today, and unnecessary words cannot help. The Government are confident the uppermost purpose of all will be to find ways of overcoming this juncture of our history in union.

892.

*Déclaration du Premier ministre*  
*Statement by Prime Minister*

Ottawa, September 17, 1938

In view of some inquiries as to the position of the Canadian Government in regard to the situation in Central Europe, the Prime Minister issued the following statement to the press today:

The Canadian Government have been giving unremitting consideration to the European situation, in the light of the confidential information which they are receiving. The position is changing from day to day. The present and essential task is to avert recourse to force by finding a peaceful and agreed solution of the present clash of interests in Central Europe. The Government of the United Kingdom have undertaken this task with a courage and vision which I have stated the people of Canada unanimously appreciate. If unfortunately that effort and other efforts to preserve the peace of Central Europe fail, it will become necessary for the governments and parliaments of all countries which may be directly or indirectly concerned to determine the course to be followed. The Canadian Government are examining all possible contingencies and will be prepared in accordance with the undertakings repeatedly given in Parliament, if occasion arises, to summon Parliament forthwith and submit their recommendations to it. In the meantime we do not consider in the light of all the circumstances known to us that public controversy as to action in hypothetical contingencies would serve the interest of peace or of Canadian or Commonwealth unity. It will have been noted that the Government of the United Kingdom, striving for peace, and knowing the situation, have considered it desirable to exercise restraint in any public statements at this stage regarding the course to be taken if peace

\*\*\*Does the War Measures Act contain any qualifying term such as "the defence of Canada"? If so, it might well be quoted in some way in this paragraph.

fails. I am sure that all Canadians will join with me in the fervent hope that the fine endeavours of the British Government to preserve peace will be crowned with complete success.

893.

*Le consul général par intérim d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*Acting German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, September 19, 1938

Sir,

In confirmation of my letter of September 18th,<sup>1</sup> written with my own hand, I have the honour to transmit to you a cable-message from the German Minister for Foreign Affairs, Herr von Ribbentrop, to the Prime Minister and Secretary of State for External Affairs of the Dominion of Canada, Mr. Mackenzie King, which reads as follows:

I wish to thank you sincerely for your message of good-will transmitted to me by His Excellency The British Ambassador at Berlin. I share with all my heart your hope that the Fuehrer and Reich-Chancellor and the British Prime Minister may succeed in finding a just solution for the burning problem of the Sudeten-Germans in Czechoslovakia. I shall not fail to communicate your message to the Fuehrer and Reich-Chancellor, and I send you my kindest regards.

In my hand-written letter of yesterday I asked you to kindly forward the above message to the Prime Minister, and I take it that the message has meanwhile reached him.

I have etc.

DR. GRANOW

894.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 241 London, September 19, 1938

MOST SECRET. My telegram Circular B. 240, September 19th.<sup>1</sup> Following for your Prime Minister, Begins:

Following is text, Begins:

(1) The representatives of the French and British Governments have been in consultation today on the general situation and have considered the British Prime Minister's report of his conversation with Herr Hitler. The British Ministers also placed before their French colleagues their conclusions derived from the account furnished to them of the work of his mission by Lord

<sup>1</sup> Non reproduits not printed.



Runciman. We are both convinced after recent events that the point has now been reached where the further maintenance within the boundaries of the Czechoslovak State of the districts inhabited by the Sudeten Deutsch can not in fact continue any longer without imperilling the interests of Czechoslovakia herself and of European peace. In the light of these considerations both Governments have been compelled to the conclusion that the maintenance of peace and the safety of Czechoslovakia's vital interests can not effectively be assured unless these areas are now transferred to the Reich.

(2) This could be done either by direct transfer or as the result of a plebiscite. We realize the difficulties involved in a plebiscite and we are aware of your objections already expressed of this course, particularly the possibility of far-reaching repercussions if matters were treated on the basis of so wide a principle. For this reason we anticipate, in the absence of indications to the contrary, that you may prefer to deal with the Sudeten Deutsch problem by the method of direct transfer, and as a case by itself.

(3) The area for transfer would probably have to include areas with over 50% German inhabitants, but we should hope to arrange by negotiations provisions for adjustment of frontiers, where circumstances render it necessary, by some international body including a Czech representative. We are satisfied that the transfer of smaller areas based on a higher percentage would not meet the case.

(4) The international body referred to might also be charged with the question of the possible exchange of populations on the basis of the right to opt within some specified time-limit.

(5) We recognize that if the Czechoslovak Government is prepared to concur in the measures proposed, involving extensive changes in the conditions of the State, they are entitled to ask for some assurance of their future security.

(6) Accordingly, His Majesty's Government in the United Kingdom would be prepared, as a contribution to the pacification of Europe, to join in an international guarantee of the new boundaries of the Czechoslovak State against unprovoked aggression. One of the principal conditions of such a guarantee would be the safeguarding of the independence of Czechoslovakia by the substitution of a general guarantee against unprovoked aggression in the place of existing treaties which involve reciprocal obligations of a military character.

(7) Both the French and British Governments recognize how great is the sacrifice thus required of the Czechoslovak Government in the cause of peace. But because that cause is common both to Europe in general and in particular to Czechoslovakia herself they have felt it their duty jointly to set forth frankly the conditions essential to the security of it.

(8) The Prime Minister must resume conversations with Herr Hitler not later than Wednesday, and earlier if possible. We therefore feel that we must ask for your reply at the earliest possible moment. Ends.

895.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général par intérim d'Allemagne*  
*Under-Secretary of State for External Affairs  
to Acting German Consul General*

Ottawa, September 20, 1938

Sir,

I have the honour to acknowledge your letter of September 19th, transmitting a cable-message from the German Minister of Foreign Affairs to the Prime Minister.

Your letter of September 18th written in your own hand was duly received and forwarded to the Prime Minister the same day.

I wish to thank you for bringing the reply so promptly to our attention.

I have etc.

O. D. SKELTON

896.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF TELEGRAM B. 254

London, September 23, 1938

IMMEDIATE. MOST SECRET. My telegram Circular B. 253.<sup>1</sup> Following for Prime Minister. Begins: His Majesty's Minister at Prague has been instructed to convey to head of Czechoslovak Government announcement made by Mr. Chamberlain, and to tell him as a personal message from Prime Minister that Mr. Chamberlain trusts that Czechoslovak Government for their part will do all in their power to respond to Prime Minister's recommendation. We gather also that Hitler has agreed to issue orders designed to restrain German troop movements for the time being, but no publicity is being given this. Ends.

897.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 208

London, September 26, 1938

MOST SECRET. I have just been with the Prime Minister for three quarters of an hour and heard from him intimate account of his efforts since Berchtes-

<sup>1</sup> Non reproduit / not printed.

gaden conversations. My impression is that he and his Government feel that they have exhausted every possible means of avoiding catastrophe and that they are none too confident that it can be averted.

Was struck by point in Prime Minister's statement when he said although he had been inclined at first to be impressed by view that German proposals for occupation of Sudetenland were largely a matter of method, he had come to the conviction that there was more in it than that. If matter was merely one of method why was Hitler so determined not to modify terms? Prime Minister is convinced that proposals reveal ambitions more far-reaching than Hitler has been prepared to admit. The Prime Minister said his final efforts to avert war, namely, Sir Horace Wilson's visit this afternoon to Berlin, had not met with encouraging results from what he had heard from Wilson on the telephone a few minutes before. Wilson, however, has apparently a further appointment with Hitler tomorrow morning. I asked the Prime Minister if he thought an offer of mediation by Roosevelt would serve any good purpose even if one expects Hitler to refuse it. He said he would be quite ready to invite Roosevelt to (offer?) his services if he thought there was the slightest chance of Hitler's acceptance. Lord Halifax, who was present, felt such an offer might be useful even if it were refused by Hitler in moral effect it would have generally. Such an offer would come as a natural sequel to excellent message Roosevelt sent to Hitler today. Ends.

MASSEY

898.

*Déclaration du Premier ministre*  
*Statement by Prime Minister*

Ottawa, September 27, 1938

*For immediate release from the Prime Minister's Office*

The Canadian government is continuing to keep in the closest touch with the grave developments in the European situation.

The government is making preparations for any contingency and for the immediate summoning of Parliament if the efforts which are still being made to preserve the peace of Europe should fail.

For our country to keep united is all-important. To this end, in whatever we say or do, we must seek to avoid creating controversies and divisions that might seriously impair effective and concerted action when Parliament meets.

The government is in complete accord with the statement Mr. Chamberlain has made to the world today.

899.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 211

London, September 27, 1938

URGENT. CONFIDENTIAL. Air Liaison Officer has been in transatlantic telephonic communication with Senior Air Officer respecting employment of Royal Canadian Air Force officers by Royal Air Force in the event of war. An urgent decision has been requested by the Air Ministry. I suggested to Air Liaison Officer that he ask Air Officer to take up this matter with your Department. Ends.

MASSEY

900.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 195

Ottawa, September 28, 1938

MOST IMMEDIATE. CONFIDENTIAL. Your telegram September 27, No. 211. Instructions of National Defence Department are as follows, Begins:

At present there are nine Royal Canadian Air Force officers and five airmen undergoing courses of instruction at Royal Air Force units in England, in addition to three officers on exchange.

Advice has been received from the Royal Canadian Air Force Liaison Officer at the Air Ministry to the effect that most of the courses are now being closed on account of the emergency. Information has been requested as to the disposition of such officers and airmen.

This Department now desires that all officers and airmen undergoing courses be returned to Canada where their services are urgently required.

In the case of the officers on exchange, the agreement with the Air Ministry provides that they will be posted to whatever positions the Royal Air Force may choose. These three officers will, therefore, remain in England. Ends.

901.

*Le Premier ministre au premier ministre de Grande-Bretagne*  
*Prime Minister to British Prime Minister*

TELEGRAM

Ottawa, September 29, 1938

IN CLEAR. The heart of Canada is rejoicing tonight at the success which has crowned your unremitting efforts for peace. May I convey to you the warm congratulations of the Canadian people, and with them, an expression of their gratitude, which is felt from one end of the Dominion to the other. My colleagues in the Government join with me in unbounded admiration at the service you have rendered mankind. Your achievements in the past month alone will ensure you an abiding and illustrious place among the great conciliators whom the United Kingdom, the British Commonwealth of Nations and the whole world will continue to honour. On the very brink of chaos, with passions flaming, and armies marching, the voice of Reason has found a way out of the conflict which no people in their heart desired, but none seemed able to avert. A turning point in the world's history will be reached if, as we hope, tonight's agreement means a halt to the mad race of arms, and a new start in building the partnership of all peoples. May you have health and strength to carry your great work to its completion.

W. L. MACKENZIE KING

902.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 351

London, September 30, 1938

CODE AND EN CLAIR. Following for your Prime Minister, Begins: Following is text of joint Declaration signed by Hitler and Prime Minister at Munich this morning. Begins:

We, the German Fuehrer and Chancellor, and the British Prime Minister, have had a further meeting today and are agreed in recognising that the question of Anglo-German relations is of the first importance for the two countries and for Europe. We regard the Agreement signed last night and the Anglo-German Naval Agreement as symbolic of the desire of our two peoples never to go to war with one another again. We are resolved that the method of consultation shall be the method adopted to deal with any other questions that may concern our two countries and we are determined to continue our efforts to remove possible sources of difference and thus to contribute to assure the peace of Europe. Ends.

903.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

October 3, 1938

## AFTER THE MUNICH AGREEMENT

It will be many years before a complete balance-sheet of September 1938 can be drawn up: probably all the chief actors will be dead by then and all the world but a few historians will be too busy with fresh troubles to bother about such far-off quarrels and near-battles long ago. But even now a few preliminary and personal opinions may be expressed.

1. *It is well that peace has been preserved.*

Whatever criticisms may be made of Chamberlain's and Daladier's course, surely we must recognize that they, and particularly Chamberlain, worked for peace and achieved it. I have personally never doubted that a peace such as could *now* be obtained would be bought at a great price,—that the repressive policy adopted by France for a dozen years after 1918 and the fumbling of British policy in the years just before and after Hitler's coming to power made it impossible now to achieve a good peace suddenly. But I have also believed that even a bad peace, which might pave the way for a good peace, was better than a preventive war; that no one could forecast the outcome of another European or world war, but could be certain that the horrors and suffering of such a war would begin where the last war left off; that the objects of the war would have little relation to the results, and that liberty and democracy would have little chance of survival in such a death grapple. I therefore am glad that Chamberlain strove for peace so pertinaciously, that he never lost his temper or his head, and that he was man enough to continue working for peace when many in England were shouting war and it would have been easy and popular (for the moment) to have taken up that cry himself. He has done a good job.

2. *The settlement is not one to be proud of in itself.*

It would be foolish to overlook the weaknesses of the present settlement. We cannot deny that force and bluff have triumphed; that Hitler has won by threats and a show of force more than many rulers have won by war; that his position in his own country has been strengthened and his megalomania nourished by this last proof of his irresistible will; that Poland has been encouraged to make a still more contemptible raid; that only Hitler's brittle promises stand in the way of further domination of the Danube; and that it will be a long time before any small country in Europe again places any shred of confidence in a pledge from France or advice from England.

Peace has been saved by retreat. What Chamberlain and Daladier did in essence was to press Czechoslovakia to accept Hitler's demands for the sake

<sup>1</sup>De by O. D. Skelton.

of peace. Some modifications of the Godesberg ultimatum were secured in the Munich conference, it is true: full occupation was slightly delayed; the additional plebiscite area will be determined by the International Commission and the vote supervised by it; probably minorities within minorities can save their cows. But the terms accepted are worse than the Berchtesgaden bargain; Hitler and his imitators have taken over a greater part of the republic than was ever contemplated, destroyed the basis of its industry, cut off many of its vital defences, and made it almost impossible for the fragments that are left to find geographical coherence, political unity or economic stability.

*3. There is, however, a chance of a wider appeasement.*

Chamberlain has gambled on being able to persuade Hitler and Mussolini to rest content with their laurels. He is probably less confident now than before he met Hitler and realized his abnormal nature. But there is a good chance. September scared every country and every ruler, dictator or democratic. The universal outburst of relief, which the bellicose in England say amounted there to hysteria, was too great and too revealing of how little heart there was for war, to be easily forgotten. The dictator countries realized they had no friends anywhere—even though few of their critics were prepared to fight. It may be that the triumphs and the parades of this year will banish Hitler's and Germany's inferiority complex, or revenge obsession. It may be Mussolini will realize that the Rome-Berlin axis is grinding only for Hitler's mill. Time has been won for reason.

*4. Every country played for its own hand: no knight-errants.*

The striking and undeniable revelation of this past year's and past month's discussions is the complete absence of any knight-errantry, any idealism, any readiness to risk a bit of one's skin in assisting another. Belgium, Holland, Sweden, Norway, Denmark, Finland, Switzerland definitely and emphatically proclaimed neutrality, officially took to the storm-cellar. Poland, Hungary, Bulgaria began fishing in the muddy waters for their own selfish advantage. Roumania and Yugoslavia, while led by their own fears to hope Germany would not succeed, were not prepared to stand by their partner in the Little Entente unless as part of a strong and actual alliance. Russia played a canny part; she took no initiative, gave no direct pledge against Germany, but would have joined in against her, not for Czechoslovakia's sake, but to serve her own ends, if France and Britain had first gone to war. France, though bound by solemn treaty, threw her ally to the wolves rather than risk war for herself. The League of Nations adjourned.

*5. Chamberlain made no binding commitment to war.*

Nor did the British Government make any rash or irretrievable threats. Throughout, Chamberlain acted as a mediator, a conciliator, not an issuer of challenges. The Runciman mission, the flights to Berchtesgaden and

Godesberg, the last minute appeals to Hitler and Mussolini, the Munich conference, were efforts to avoid war. The government deliberately abstained from saying they would fight if Germany attacked Czechoslovakia, because in part of the belief such a declaration might plunge Hitler's disordered mind over the edge, but chiefly, because neither the government nor the British people were prepared to take up Czechoslovakia's quarrel if that meant German planes over London. The furthest that Chamberlain, Halifax, Simon went until the last few days was to give a warning that no one could be sure that any country could keep out if a conflagration started. Last week, upset by Hitler's arrogance, and with public resentment and opposition criticism rising, and nerves becoming frayed, they went further and communicated direct to Hitler through Horace Wilson a definite statement\* of their course of action if war between Germany and Czechoslovakia broke out: saying:

that French government have informed us that if Czechs reject memorandum and Germany attacks Czechoslovakia they will fulfil their obligations to Czechoslovakia, and to add that should the forces of France in consequence become engaged in active hostilities against Germany, we shall feel obliged to support them.

It will be noted that while clear and emphatic, this statement is definitely qualified. Britain would intervene only if the Czechs resisted, if France then intervened, and if France had become engaged in *active hostilities* against Germany.

Immediate steps were then taken by London to prevent any of these contingencies arising. The Czechs were told on September 27 they must cooperate: must realize the only alternative to cession by time-table would be "invasion and dismemberment of their country by forcible means, and though that might result in conflict entailing incalculable loss of life, there is no possibility that at the end of that conflict, whatever the result, Czechoslovakia could be restored to the frontiers of today."

Next, France.—On the same night, September 27, the British Ambassador in Paris was instructed to tell the French Foreign Minister that the view of General Gamelin (French Chief of Staff) that Germany would have a walk over was confirmed by the British military attaché in Berlin; if efforts for peace failed and Germany entered Czechoslovakia, on the 28th, as now seemed probable,

we may expect to be faced in very short time with a *fait accompli* so far as Czechoslovakia is concerned. In this situation, having regard to the close identity of interest of our two countries, it is necessary that any action by France in discharge of their obligations and ourselves in support of France should be closely concerted, especially as regards measures which would be likely immediately and automatically to start a world war without unhappily having any effect in saving Czechoslovakia. We should be glad to know whether the French Government agree that any action of an offensive character taken by either of us henceforward

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\*The more or less official London press statement of Monday night, September 26, that Britain, France and Russia would act if Germany struck, did not refer to the reservations actually made.



(including declaration of war which is also important from the point of view of the United States) shall only be taken after previous consultation and agreement.

France agreed, enthusiastically: "it behooves us both to be extremely prudent and to count our probable and even possible enemies before embarking on any *offensive* act whatever."

And finally to Germany: on September 28 Chamberlain wrote personally to Hitler to guarantee him he could "get all essentials without war and without delay".

The commitments were last minute and conditional—and immediate steps were taken in all quarters to ensure that the conditions would not arise.

A good lesson in commitments.

#### 6. *Chamberlain's commitments for the future.*

Mr. Chamberlain did make commitments at Munich not for the war that didn't happen last week, but for the war that may happen later. He agreed, as foreshadowed in his House of Commons speech of last week, to join in a four power guarantee of the territorial integrity of what will remain of Czechoslovakia. This is a very serious extension of British liabilities. Mr. Baldwin declared Great Britain's boundary lay on the Rhine; Mr. Chamberlain has now extended it to the Danube. Presumably Canada will not be asked to join in the guarantee; but presumably also Mr. Chamberlain, unless corrected, will continue to assume that we would be bound nevertheless: as he calmly indicated in his September 28th speech, we would be bound by his actions now—"a step involving the whole British Empire in war". And even if Chamberlain would be cautious, for his own country's sake, in carrying out these commitments, his time may be short, and a Churchill or a Duff Cooper may succeed.

Clearly if the European situation has been cleared up, however unsatisfactorily, the British Commonwealth situation has not. Our position remains ambiguous and dangerous. It is not easy to effect a clear-cut solution at present, but one thing is certain, the generation of young Canadians now developing a political interest, irrespective of race, will not stand permanently for their destinies being determined by irresponsible bodies in London.

904.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

PARAPHRASE OF TELEGRAM 205

Ottawa, October 11, 1938

CONFIDENTIAL. Your telegram the 29th September, confidential, No. 213.<sup>1</sup> It is not the intention to recall any Canadian Air Force personnel who were

<sup>1</sup> Non reproduit not printed.

attending courses in view of changed situation, but in the event of any courses being permanently abandoned fresh instructions should be requested.  
Ends.

905.

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre des Postes*

*Under-Secretary of State for External Affairs  
to Deputy Postmaster General*

Ottawa, November 24, 1938

Dear Mr. Sullivan,

Referring to your letter dated the 22nd February [sic], 1938, under your file No. Admin. 101366,<sup>1</sup> concerning postal arrangements with former Czechoslovakian territory which has now been transferred to Germany; I am of the opinion that you would be justified in publishing the information affecting mail to places formerly in Czechoslovakia, in accordance with the circulars which you have received from the International Bureau of the Universal Postal Union, Berne.

With regard to the territories transferred to Hungary, there will, of course, be no occasion for action until you receive corresponding information from the Postal Union.

Yours sincerely,

O. D. SKELTON.

906.

*Mémorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

Geneva, December 7, 1938

THE CANADIAN POSITION IN THE LIGHT OF THE  
SEPTEMBER CRISIS

Unless distance has distorted the perspective, to a Canadian looking home from abroad a startling feature of the crisis was the evidence that, if war had come, Canada would have been immediately involved as a belligerent, although the Canadian Government had played no part in the negotiations on the Sudeten issue. There would doubtless have been voices raised in Canada in favour of neutrality or passive belligerency, but it seems almost certain that they would have been unheeded. Differences of opinion would have arisen, of course, over the manner and degree of Canada's participation in the war, but Canadian belligerency would from the first have been active. It is probable that Canada would soon have been involved as com-

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> De/by H. H. Wrong.

pletely as she was in the Great War, however different a form the Canadian contribution might have taken. This stage might have been reached even more rapidly than after 1914, since modern warfare is increasingly a totalitarian enterprise which permits no limitation of commitments.

It seems necessary to draw the conclusion that in the present state of Canadian opinion no Canadian Government is likely to be able to keep Canada out of a great war in which the United Kingdom is engaged. Although it is easy to imagine bellicose adventures on the part of the British Government which would alienate opinion in Canada, it is apparent that the United Kingdom will in fact enter no war on the Continent of Europe except on a paramount issue. Furthermore, if war had come over Czechoslovakia it looks as though it would have made little difference to Canadian opinion whether or not the war had been fought as a League war under the Covenant. Canada was involved as a member of the British Commonwealth and not as a Member of the League of Nations. There is little reason to doubt that a similar response would be given if a similar crisis were to arise. There is also unfortunately little reason to believe that the Munich Settlement has in fact inaugurated an era of appeasement.

The point is not, of course, whether the policy of the British Government was good or bad, wise or unwise. The issue is the same whether one approaches it as a warm defender of Mr. Chamberlain or as a bitter critic. Canadian self-government obviously is incomplete so long as the most vital decision which can arise in the life of a nation is not taken in fact as well as in form by the leaders of the Canadian people. The Prime Minister stated in the Canadian House of Commons last May that, while a satisfactory and enduring solution had been found for the problems of Commonwealth relations in peace time, "we have not yet worked out a completely logical solution of the position in war time." Later events have underlined and emphasized the truth of this declaration.

The most consistent trend since the war in the external policy of successive Canadian governments has been the limitation of political commitments. This was perhaps a necessary and desirable stage, following the era of automatic commitment to the policy of the British Government, in the development of a policy as purely Canadian as, for example, the policy of the Swedish government is Swedish. *Vis-à-vis* the United Kingdom, except for periodical discussions at Imperial Conferences too far separated to be effective in a fast-moving world, the Canadian attitude has generally been to receive information but to decline to offer advice. At the League of Nations the tendency has been for Canada to play a prominent part in seeking the most modest interpretation of political obligations under the Covenant, and, especially in recent years, to rise from her back seat in Geneva only to draw attention to the distance separating this seat from the front row. Although the expansion of the Department of External Affairs and the creation of a few Legations in foreign countries has begun to equip Canada with the necessary machinery for the pursuit of a positive foreign policy, little has been done

in this direction outside the very important but limited continental field of relations with the United States. The result has been that a formal absence of commitments in relation both to the Commonwealth and to the League of Nations has been established since the war. Before the events of last September we could not be sure that this absence of commitments was formal. Now we know that the commitments were not only real but almost unlimited, and that Mr. Chamberlain in his European negotiations has in his hands the power to involve Canada at any time in a great war.

The major Canadian commitment during the last twenty years has lain in the possibility of the application of sanctions under the Covenant of the League of Nations. Up to a point the position taken by Canada towards these obligations is closely similar to that of the group of smaller European States of which Sweden may be taken as an example. Neither in Canada nor in Sweden has the thought been welcome that they might find themselves involved in hostilities in consequence of a decision taken by the Council of the League of Nations under Article 16. The motive of the Scandinavian countries and of the other States acting with them in securing a limited interpretation of their obligations under the Covenant has been to clear the way for their refusal to participate in any League sanctions which might be regarded by an aggressor as a hostile act. These States propose, if a great war is fought as a League war, to preserve their neutrality without leaving the League. They are satisfied to have secured recognition that participation in sanctions is optional.

This has not been enough to satisfy Canada. No sanctions will be applied under the Covenant except with the full support of Great Britain. No war will be fought as a League war in which Great Britain is not a participant. The participation of Great Britain will almost certainly mean the participation of Canada. Recognition of this probability has recently led the Canadian Government to take the position, not that sanctions are optional, but that the system of sanctions has ceased to have effect by general practice and consent—in short, that sanctions are now non-existent. Only in this way, short of drastic reform of the Covenant, could the risk be avoided that, in any war in which the Covenant was invoked, Canada would be in practice obliged to participate. This position is more extreme than that adopted by any other Member of the League; even Chile, which resigned from the League because all coercive clauses were not removed from the Covenant, did not seek to maintain that the coercive clauses were already null and void.

The post-war policy of Canada, reflecting her geographical remoteness from the danger points of the world, leads logically towards isolation. Isolation certainly has many advantages, but I need not debate them here because the events of last September seem to show that Canadian opinion is far from ready to accept it. The sympathies and loyalties of large sections of the Canadian people are too deeply involved. A positive Canadian policy cannot therefore pursue the will o' the wisp of isolation here and now, but must start from acceptance of the present state of Canadian opinion and must

scek to combine effectively the strains which go to make it up—loyalty to the British Commonwealth and Crown, concern for the welfare of the United Kingdom, anxiety for the preservation of democracy and freedom, economic self-interest, and so on.

What should be done to escape from the dilemma that a policy of avoiding formal commitments has in fact left Canada still deeply committed to the United Kingdom? To this question the first general answer must be that little can be done in a hurry, but that a revision of the ends and the means of Canadian foreign policy can be begun at once, with the object of ensuring that eventually all vital decisions, whether these are to stand shoulder to shoulder with the United Kingdom or to pursue a separate road, should be taken in Ottawa. The means should be both the education of the Canadian people to think boldly about Canada's place as a nation in the world, and the orientation of Canadian policy and the machinery for its conduct so as to make the most productive use of existing sentiments and loyalties towards attaining the eventual object. The question can conveniently be examined under the three headings of relationship with the United Kingdom and Commonwealth, attitude towards the League of Nations, and equipment for conducting external affairs.

Dealing first with the relationship with the United Kingdom, our present position is that we receive information on foreign affairs from the United Kingdom but are reluctant to put forward advice or suggestions intended to influence the decisions taken by the British Government. In fact, however, we know that those decisions might easily have involved us in war in September. It is undoubtedly open to us to be more prolific in advice, and it is probable that Canada could exert a considerable influence at times on the foreign policy of the United Kingdom. Yet one has only to cast one's mind back over the events of September to realize the practical impossibility in times of crisis of framing and pursuing a united Commonwealth foreign policy in which all the Governments of the Commonwealth would have a real share. An institution along the lines of the Imperial War Cabinet would be necessary to attain this end, and it would be an imperfect instrument. Realization of common danger is a great unifying influence; it might be less difficult to-day than at any time since the war to attempt the experiment of a joint Commonwealth foreign policy. I remain, however, deeply convinced that any thoroughgoing experiment on these lines would fail and might well have results exactly opposite to those intended.

It may, however, be desirable to increase the degree of consultation between the Canadian and British Governments. It can be argued—I do not suggest that the argument is valid—that Australia and South Africa, which are more prolific in offering advice to London, are in practice more masters of their destinies than is Canada. I should prefer to see more frequent consultation, not because this provides any real solution of the dilemma, but because in present circumstances it is better than silence which may mean acquiescence. We must start from Canadian opinion as it was revealed in September, and not as we might like it to be.

I should favour, however, action being taken to face directly the vital question whether Canada is at war when the United Kingdom is at war. As a matter of political fact the present answer to this question is almost certainly affirmative. As a matter of constitutional law the answer is doubtful but probably affirmative. The legal position can be cleared up by the passage of legislation requiring positive action by the Canadian Government before Canada can become a belligerent under her own laws. The adoption of such a statute presents great political difficulties. It could probably only be done as part of a larger plan which would recognize that Canadian neutrality would be most unlikely in any great war involving the United Kingdom and that the legal rights so secured would not be employed in such an event. Yet in the tempestuous years which lie in front of us it seems to me that this may prove an essential foundation for our policy. The question did not matter much when there was no serious threat of war, but it matters profoundly now. If such a statute were adopted its terms should be formally notified to every government in the world.

This suggestion leads to an examination of Canada's position in the League of Nations. The need for finding an answer to the question whether the Commonwealth is at war when one of its governments is at war was not urgent before the collapse of the Covenant of the League. This is one of the reasons why it has not yet been faced in Canada. The question seemed to lack importance during the years in which it was possible to believe that the League had abolished war. After events falsified this belief it was still easy to argue that, since any war would be a League war and would therefore implicate all the partners in the Commonwealth as Members of the League, it was unnecessary to probe this tender spot in their constitutional relationship. It is illuminating to recall how many people took the view a few years ago that the preservation of the system of collective security was essential to the preservation of the Commonwealth. At the Imperial Relations Conference in Toronto in 1933 that phrase became a catchword. The Commonwealth has proved harder than the collective system.

Geneva offered, and still offers to a limited degree, a means for the development and expression of a positive Canadian foreign policy. The dangers of League membership feared by successive Canadian Governments since 1919 have now disappeared. Unfortunately with them has disappeared most of the influence of the League of Nations. It is still not unlikely, however, that if war comes within the next few years the Covenant will be invoked against those States regarded as the aggressors. If there had been war as a result of the Sudeten issue it was the intention of the French Government to invoke the Covenant immediately, while recognizing that participation in sanctions would have been optional.

The future of the League is now so obscure that it can scarcely be used as an important element in foreign policy. I suggest, however, that in the light of recent events the interests of Canada will be best served by acceptance of the present interpretation that sanctions are optional, rather than by pushing for the more extreme interpretation that sanctions have in practice been

removed from the Covenant. This view, of course, is based on the continuance of the League in its present truncated form. If we were now at war over Czechoslovakia, there are strong arguments in support of the opinion that our *casus foederis* should have been the Covenant of the League of Nations rather than our membership of the Commonwealth, even though the impelling cause of our belligerency would have been our position in the Commonwealth. Although one must admit, in the present state both of Canadian opinion and of the League, the presence of a good deal of unreality in this conception, it seems wise to preserve the possibility of the application of sanctions under the Covenant, if only to provide a legal means whereby Canada can enter under her own steam, as it were, a war in which she would in any case be involved as a member of the Commonwealth.

I might add a good deal at this point concerning Canadian policy towards other activities of the League and the International Labour Organization. It can scarcely be denied that Canada plays a minor part in these activities in comparison with the size of her contribution to the League's budget and her important place among the commercial nations of the world. Outside a few of the technical activities of the League, such as the suppression of the drug traffic, Canada remains consistently in her back seat in Geneva. More frequent initiative by the Canadian representatives on questions of economic, social and humanitarian importance would contribute towards preserving the practice and technique of international collaboration, now endangered by the extension into nearly every field of the habit of sabre rattling. Since I am confining these observations to broad questions of external policy, I refrain from further elaboration concerning our part in the manifold non-political work of League organizations.

Finally I come to the question of Canadian equipment for conducting external affairs. If one asks oneself what would be the minimum machinery with which Canada would have to provide herself if she were an independent country, it is obvious that the existing system would be pitifully inadequate. Admittedly this is not altogether a fair criterion, but it provides an illuminating comment on the extent to which Canada is dependent, for the day-to-day conduct of Canadian business abroad, on officials who are appointed by and responsible to the Government of the United Kingdom. One need not belittle what has been accomplished during the last decade in order to feel that recent events have emphasized the importance of further and more rapid expansion. In comparison with countries such as Sweden and Argentina, Canada is grossly deficient in the number of her offices abroad and the size of her Department of External Affairs. I believe that in the next decade we ought to develop our external services with considerably greater rapidity than we have shown in the last decade. This would involve the opening of new Legations in all important capitals and in countries of smaller importance where Canadian interests are substantial. It would also involve the establishment of direct Canadian representation in some other Dominions, and at least a beginning of the transference to a Canadian consular service of the work now done for Canadians by the British consular service.

Furthermore it would involve a substantial enlargement and reorganization of the Department of External Affairs which would otherwise be incapable of properly directing the Canadian offices abroad. I can say without hesitation that the existing offices abroad are not now utilised as fully as they ought to be, and that no plan of expansion will be effective which is concentrated only on additional Canadian representation in other countries.<sup>1</sup>

907.

*Mémorandum*<sup>2</sup>Memorandum<sup>2</sup>

December 10, 1938

## RE: THE RUSSIAN GAME IN THE EUROPEAN CRISIS 1938

1. See conversation between Lord Halifax & Maisky, Soviet Ambassador in London on Aug. 17/38. (Reported in Despatch No. 498 from Lord Halifax to Lord Chilton, British Ambassador at Moscow, on same date—F.O. Print C8433/1941/18).

Maisky said Soviets were disappointed at undue weakness of Western democracies; that British & French "were not firm enough with Germany in whose policy there was at least 50% bluff; that May crisis had been surmounted by effect of Franco-Soviet & Soviet-Czech treaties plus British *démarche*; that important that "an absolutely firm front should be shown to Germany & Italy, who were by no means so strong as they would have us believe".

Lord Halifax's despatch then goes on: "I told the Ambassador that we had defined our position to Parliament on the 24th March, and that there was no question of our varying what had been there said. M. Maisky regretted that we had not found it possible to be more precise, and said that, if any German attack was made on Czechoslovakia, the Soviet Government would, in his phrase, 'certainly do *their bit*'."

"Their bit"!

2. Re Litvinoff's tricky words at Geneva during September meeting of the League. L. is really not much more than an office boy—not one of the Soviet Big Shots. The striking fact is that Stalin was completely silent from beginning to end, May & September both. He was willing to let Litvinoff try it on & see if the game would work, but laid low himself. Query: Litvinoff having failed to pull it off, will Litvinoff be bumped off in the next purge in Moscow?

3. Probably the most decisive fact of all: during September crisis the Soviet War Commissar & his important staff were all out in Siberia purging Marshall Blucher and straightening things out there generally. (As reported by N.Y. Times correspondent.)

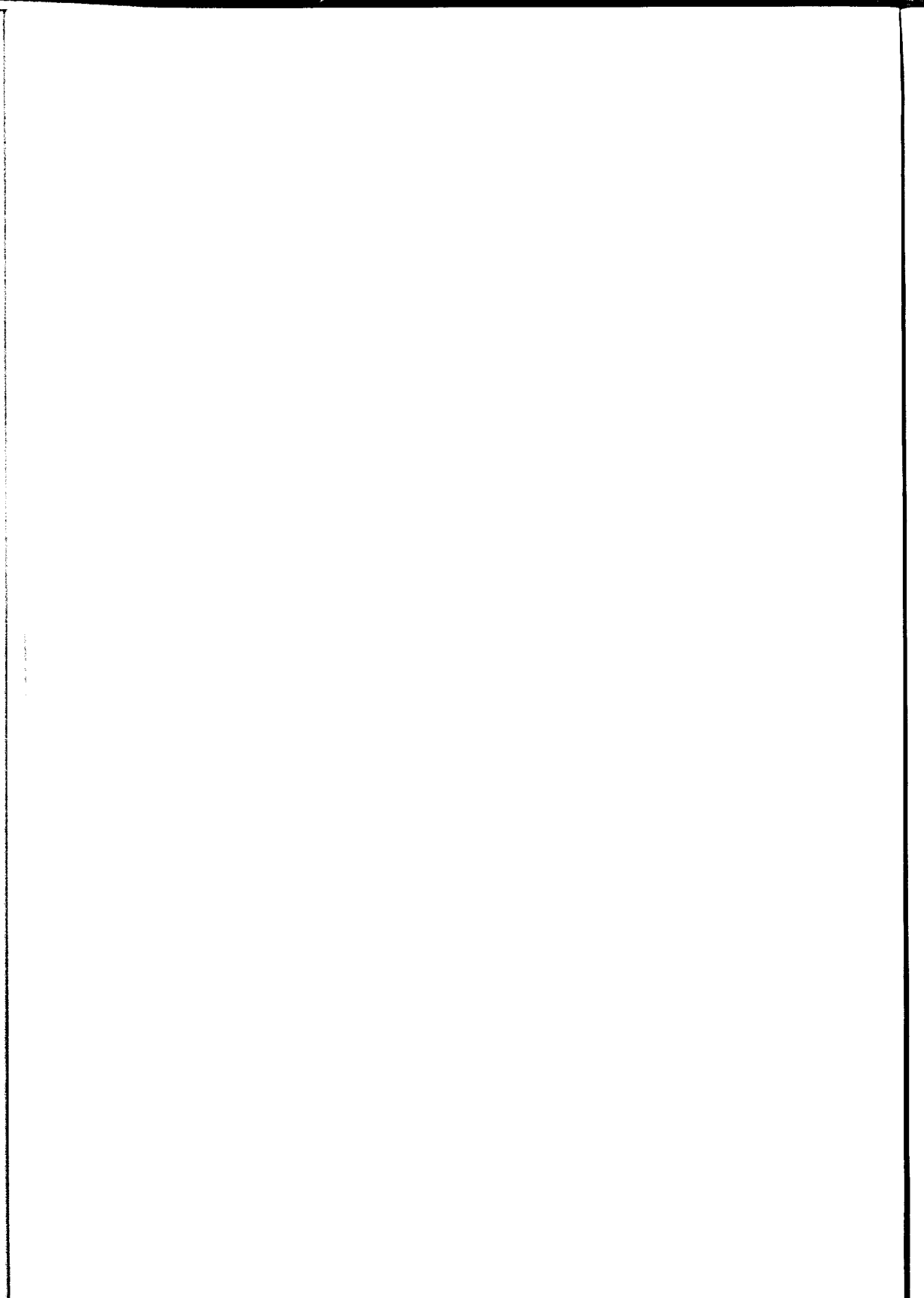
<sup>1</sup> Le doc. 924 répond à ce mémorandum. doc. 924 replies to this memorandum.

<sup>2</sup> De/by I. C. Christie.



Considering that the centre of the trouble was in Eastern Europe, i.e., Russia's own back yard & presumably her own primary regional interest; considering that the Czecho-Slovaks were fellow Slavs of the Soviets, the natural thing would have been for Russia herself to jump in or to take a lead. But all she did was to try to intrigue others into starting a war against Germany & Italy at a time when the heads of her own war machine were thousands of miles away & most of her competent army officers had already been shot and the head of her State gave no assurance whatever & all his office boys could say was that they would do "their bit".

All this fits exactly the best line from the Russian point of view, namely, to get Western & Central Europe into a first-class war; Russia to make minimum contribution; out of the ensuing catastrophe political regimes in as many countries as possible to emerge as communist regimes with the Russian Soviets the daddy of them all, ready to guide, direct & tell them where to get off.



## CHAPITRE VII / CHAPTER VII

### PRÉLUDE DE LA GUERRE

### PRELUDE TO WAR

908.

*Le secrétaire, le haut commissariat en Grande-Bretagne  
au sous-secrétaire d'État aux Affaires extérieures*

*Secretary, High Commission in Britain  
to Under-Secretary of State for External Affairs*

London, January 6, 1939

Dear Dr. Skelton,

The question of the evacuation of Canadian volunteers in Spain has become, as you know, a very complicated one, and difficult to solve. Its complications are not decreased by the fact that this office is in touch with External Affairs on the matter; Mr. Little here is in direct touch with his Department; while many of the detailed arrangements are being made through our Legation in Paris.

The desire of the Foreign Office to evacuate all British subjects is, of course, understandable on broad grounds of policy and it would be unfortunate if in this evacuation all were removed except Canadians. At the same time, until these Canadians can be certified as readmissible to Canada and funds can be collected for their repatriation, their evacuation is not possible. The first difficulty is in process of being solved by Colonel O'Kelly's visit to Catalonia and the authority granted in your telegram No. 5 of January 5th<sup>1</sup> to the British Consul at Valencia to certify Canadian born and Canadian naturalised subjects. In this connection, it seems that a good deal of money could have been saved if Colonel O'Kelly had been sent to Spain in the first place. This would have made unnecessary Mr. Munroe's journey from Ottawa. That, however, was a matter for the Immigration Branch to decide, I presume.

It was thought earlier this week that it might be possible to move the Canadians from the Valencia area to Catalonia where Colonel O'Kelly could decide on their readmissibility. Some action of this kind, or, alternatively, authorising the British Consul to inspect them in Valencia, was made necessary by the Immigration Branch's refusal to allow their representative to proceed beyond Ripoll in Catalonia which is close to the French frontier.

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<sup>1</sup> Non reproduit/not printed.

In this connection, the Admiralty offered to take Colonel O'Kelly in a destroyer from Barcelona to Gandesa or Valencia and return him to Catalonia after his inspection. This however is now made unnecessary by the authorisation to the British Consul referred to above.

We have no definite information here regarding the second difficulty; namely, the provision of funds to provide for transportation to Canada of those declared readmissible. I understand, however, that there is every likelihood of such funds from private sources being available very shortly . . . .

Yours sincerely,

L. B. PEARSON

909.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 13

London, January 13, 1939

Canadian volunteers in Spain. Foreign Office have completed negotiations after long delay and with great difficulty for exchange of 110 British prisoners held by General Franco for similar number of Italian prisoners held by Spanish Government. Of the British 33 claim to be Canadians, names of whom forwarded by bag today. On exchange the British and Canadian prisoners will be transferred by lorry to Irun. Foreign Office enquire whether British agent at Burgos may be authorized to investigate claims of individual prisoners to Canadian nationality and to necessary travel documents where such claims satisfactorily established; also what arrangements if any for transport of Canadian prisoners from Franco-Spanish frontier. French authorities will doubtless insist on similar arrangements for transit across France as they have required in connection with recent negotiations of volunteers from Government Spain.

MASSEY

910.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 17

Ottawa, January 14, 1939

Your telegram No. 13 of 13th January. Canadian volunteers in Spain. Immigration Department is willing to authorize Commissioner Little to extend same arrangements for examination and issue of documents to thirty-three supposed Canadians as were made for those in Valencia area but cannot

authorize any expenditure on transportation. If transportation is not provided from sources previously mentioned, there is really no object in conducting examination and issuing visas. Please advise Canadian Legation Paris.

911.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions<sup>1</sup>*  
*Secretary of State for External Affairs to Dominions Secretary<sup>1</sup>*

DESPATCH 16

Ottawa, January 19, 1939

CONFIDENTIAL

Sir,

I have the honour to state that the Canadian Government have had under consideration your telegram Circular B.113, Circular B.114, and No. 24, all of May 3rd, 1938<sup>2</sup>, and your despatches No. 216 of July 1st<sup>2</sup> and Circular C. 170 of August 11th,<sup>3</sup> concerning the effect of the incorporation of Austria in the German Reich on various treaties.

An examination of the treaties from the Canadian point of view has led to conclusions which are generally in accordance with those set forth in your telegram Circular B.113.

Considering treaties with Austria negotiated by the Government of the United Kingdom, to which Canada is a party whether by negotiation or otherwise, the surviving obligations do not appear to be of any interest to Canada.

Considering existing treaties of the same character with Germany, examination of the terms of the more important treaties indicates that they could properly be interpreted as governing the whole German Reich as extended by the absorption of Austria. This was the general opinion expressed in your telegram Circular B.113. I should be glad to be informed whether, in the view of the Government of the United Kingdom, this opinion applies to the extradition treaties. The question is whether an exchange of notes with Germany is legally necessary in order to justify the courts in extraditing persons from England to, say, Vienna, or from Vienna to England.

Considering treaties or agreements separately negotiated by Canada with Austria, their provisions seem to be adequately covered by existing arrangements with Germany.

Considering multilateral treaties, our examination of the situation has led to similar conclusions. The Aerial Navigation Convention of 1919 seems to be

<sup>1</sup> Un message semblable fut expédié au haut commissariat de Grande-Bretagne.

<sup>2</sup> Similar message sent to British High Commission.

<sup>3</sup> Voir chapitre VI, partie 5/see Chapter VI, Part 5.

<sup>4</sup> Non reproduite/not printed.

the most important Convention that is not replaced by a corresponding treaty to which Germany is a party. The Austrian participation in this Convention was, however, never of great practical importance to Canada, and the change in the situation can properly be disregarded.

Canada was never a party to the financial settlement with Austria, and the specific treaties or agreements to which you have referred do not appear to present any practical problems at the present time.

In general, the Canadian administrative authorities have been proceeding on the basis that treaty arrangements with Austria have ceased and that all matters are now governed by existing treaty arrangements with Germany. It has been assumed that the working out of future problems will be determined by the operation of legal principles, and that no special communication to or agreement with Germany will be necessary in so far as Canada is concerned. Should specific questions arise that cannot be settled by administrative adjustment, it will be necessary to reconsider the Canadian position. In this connection, I should appreciate your views on the extradition treaties.

In reply to the specific question contained in your telegram No. 24, I may say that the Canadian Government do not, as at present advised, desire His Majesty's Ambassador at Berlin to make any communication to the German Government as to Canada's bilateral treaties with Austria and Germany.

I should be interested to know whether the German Government made any reply to the note referred to in paragraph 1 of your despatch No. 216.

I have etc.

O. D. SKELTON for the . . .

912.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 25

Ottawa, January 25, 1939

Questions are likely to be asked in Parliament here in a few days regarding evacuation of volunteers from Spain as recently effected, and I should be glad if you could obtain from British authorities information outlining financial and other arrangements which may have been agreed upon by Non-Intervention Committee concerning the evacuation in question or which were actually made, in the absence of any such agreement, by members of that Committee such as the United Kingdom and France. I have particularly in mind the assistance effectively rendered by these Governments financially and otherwise as a result of understanding reached between themselves or separately to facilitate return of their volunteers.

913.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 20      London, January 25, 1939

**MOST SECRET.** Following for Prime Minister, Begins: Secretary of State for Foreign Affairs has received a large number of reports from various reliable sources which throw a most disquieting light on Hitler's mood and intentions. According to these reports Hitler is bitterly resentful at Munich Agreement which balked him of a localized war against Czecho-Slovakia and demonstrated will to peace of German masses in opposition to war-mongering of Nazi Party. He feels personally humiliated by this demonstration. He regards Great Britain as primarily responsible for this humiliation and his rage is therefore directed principally against this country which he holds to be chief obstacle now to the fulfilment of his further ambitions.

2. As early as November there were indications which gradually became more definite that Hitler was planning a further foreign adventure for the spring of 1939. At first it appeared—and this was confirmed by persons in Hitler's entourage—that he was thinking of expansion in the East, and in December the prospect of establishing an independent Ukraine under German vassalage was freely spoken of in Germany.

End of Part one, Part two follows.

**PART 2. MOST SECRET.**

3. Since then reports indicate that Hitler, encouraged by Ribbentrop, Himmler and others, is considering an attack on Western Powers as a preliminary to subsequent action in the East. Some of these reports emanated from highly placed Germans of undoubted sincerity who are anxious to prevent this crime; others come from foreigners, hitherto Germanophile, who are in close touch with leading German personalities. Reports in question have received some confirmation in reassurance which Hitler appears to have given M. Beck concerning his plans in the East as well as support which Germany has recently given Italy's claims against France.

4. There is as yet no reason to suppose that Hitler has made up his mind on any particular plan. Our reports show that he may:

(1) Push Italy to advance her claims by force and use his obligations to Italy as a pretext for embarking on war. This course would have the advantage of ensuring the participation of Italy from the outset.

(2) Begin by launching an attack on Holland. In this connection the recent deterioration of German-Dutch relations and the critical tone adopted towards Holland by the German press are noteworthy. Once in command of Holland and the Dutch coast, Germany would aspire to dictate terms to us and paralyze France. She might at the same

time bribe Poland and perhaps other countries with promises of Colonial spoils; in that event the Dutch East Indies might be allocated to Japan.

(3) Put forward impossible Colonial demands in his speech of January 30th in the form of an ultimatum. This seems the least likely hypothesis.

(4) Make a sudden air attack without pretext on England and follow up this initial surprise by land and sea operations against Western Powers. We have received definite information from a highly placed German that preparations for such a *coup* are now being made. This person has, however, no information to show that Hitler has yet made up his mind to execute this plan.

End of Part two, Part three follows.

### PART 3. MOST SECRET.

5. In the last few days we have received reliable information to the effect that the German Government are pressing for conversion of Anti-Comintern Pact into a Pact pledging signatories to give each other military assistance against unprovoked attack by a third Power; that the Italian Government have agreed and that the Japanese Government are considering the matter. Our information is that the German Government wish this Pact to be concluded in time for it to be announced by Herr Hitler in speech he is expected to make on January 30th.

6. All reports are agreed in forecasting that danger period will begin towards the end of February. This is borne out by independent reports to the effect that orders have been issued for mobilization about the middle of February. We have already received news of preliminary mobilization measures, and formation of a reserve regiment composed of time-expired conscripts has been recently established in Bavaria. Moreover the economic and financial crisis with which Germany is now faced might well compel Hitler to take some action and choice before him is either to slow down his re-armament and to abandon his policy of expansion or else launch into some foreign adventure in the hope that it will both distract attention from domestic difficulties and supply him with material resources which country urgently requires and can no longer buy abroad. There can be little doubt that a man of Hitler's temperament may be tempted to choose the second alternative. Another motive for his doing so might be that he was not sure of loyalty of his army and might feel that surest way for a Dictator to deal with a doubtful army was to give it occupation.

7. It may seem fanciful and even fantastic to attribute such designs to Hitler and it is as yet impossible to speak of them with certainty, but today as in July, August and September of last year it is remarkable that there is one general tendency running through all reports and it is impossible to ignore them, particularly in view of character and proved reliability of many



informants. Moreover Hitler's mental condition, his insensate rage against Great Britain and his megalomania which are alarming Moderates around him are entirely consistent with execution of a desperate coup against Western Powers. The removal of Moderates, such as Schacht and Wiedemann, is symptomatic. It has been suggested in some quarters that German people would not follow Hitler on such a course and that a revolt would ensue. We have examined this aspect but authorities on Germany, whom we have consulted including anti Nazi Germans of sound judgment, are agreed that Hitler's orders would be carried out and that no revolt can be anticipated, at all events during initial stages of war.

End of Part 3. Part 4 follows on.

#### PART 4. MOST SECRET.

8. His Majesty's Government in the United Kingdom have carefully considered situation in the light of these reports and have decided to accelerate as far as possible the preparation of their defensive and counter-offensive measures. In the meantime they are employing such methods as are available to them for bringing home to the German people the wantonness and folly of embarking on aggressive military adventures. They will lay such public emphasis as they can on the point, in the hope of deterring Herr Hitler from committing himself to something irrevocable in the speech which he is expected to make on January 30th.

9. Finally, in the event of Germany picking a quarrel with Holland, His Majesty's Government in United Kingdom are considering desirability of being ready at once with a proposal to both Governments for selection by neutral Governments of a board of three arbitrators. Such a proposal might not prove effective, but if arbitration were rejected or overridden by Germany, the issue would be clear and His Majesty's Government would have *locus standi* for appropriate action.

10. In the next few days we shall be considering carefully what further steps we might take to avert or to meet a situation such as we have cause to apprehend, and we shall of course keep you fully informed. In the meantime we have thought it desirable to inform the Dominion Governments frankly of our apprehensions as to the future and to indicate such action as we are taking.

11. It is impossible as yet for the Prime Minister to decide whether he will himself utter any public warning to Germany before Hitler makes his expected speech on January 30th. The Prime Minister is due to speak at Birmingham on January 28th, and if possible, we would let Dominion Prime Ministers know before hand what line the Prime Minister would propose to take.

12. Similar appreciation is being sent to His Majesty's Chargé d'Affaires at Washington for communication to the President of the United States for his personal and secret information. Ends.

914.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 31

London, January 27, 1939

Your telegram No. 25 of January 25th, evacuation of volunteers from Spain. According to plan arrived at by Non-Intervention Committee on July 5th, United Kingdom, France, Germany and Italy were to pay all expenses of repatriation of their nationals including those incurred in Spain, whereas other members of the Committee were to pay only the expenses incurred as from the Spanish frontier.

Plan having not come into force owing to rejection by Franco, Spanish Government have taken charge of expenses in Spain, and United Kingdom for their part have acted as in the case of repatriation of destitute British subjects. Officials at Foreign Office presume that most of the other European countries are doing the same but have no precise information on this point owing to the fact that negotiations are as between the Spanish Government and each other Government concerned.

Australian nationals, of which there were eight, were repatriated at Government expense, transportation cost and subsistence allowance of £10 given on the undertaking that money would be refunded by individuals concerned when possible. Two New Zealanders and one South African also repatriated at Government expense.

MASSEY

915.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 32

London, January 27, 1939

**MOST SECRET.** Following for the Prime Minister, Begins: I saw the Secretary of State for Foreign Affairs yesterday with regard to the information conveyed to you in Dominions Office telegram of the 25th January, Circular B. 20.

I asked him about sources of alarming reports contained therein. He said sources were for the most part the same as had provided reliable information during crisis last year. The Foreign Secretary said it was quite possible that some of the more disquieting information included in telegram had been deliberately planted by the German authorities to create appropriate

atmosphere in which demands were shortly to be made. Nevertheless the United Kingdom Government feel that they must exclude from field of possibility none of alternative eventualities suggested in telegram. They feel however alarming outline of situation might seem, Governments of the Dominions and also Government of the United States, to whom information contained in telegram in question has also been communicated, should be thus informed. Yesterday I was in touch with newspaper editors and proprietors representing both the "Times" and "Daily Telegraph", and also with responsible opinions in the city. Here not quite so urgently grave a view is taken of international situation as at Foreign Office, although stock market has been greatly depressed in the last few days. However, it is significant that opinion seems most perturbed in that quarter whose sources of information are most trustworthy, namely Foreign Office.

Everything possible is apparently being done without alarming the public to place defences in state of fullest preparedness. Ends.

MASSEY

916.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 30 London, January 29, 1939

MOST SECRET. Following for your Prime Minister, Begins: Since my telegram Circular B. 20, His Majesty's Government in the United Kingdom have been considering what would be their attitude in the event of an unprovoked German invasion of Holland, and their provisional view, subject to confirmation, is as follows.

There is, it is true, no hope that such military action as His Majesty's Government could take would prevent Holland from being overrun by German armies, and restoration of her territory would depend on final outcome of war.

Nevertheless strategical importance of Holland and her Colonies is so great that in the view of His Majesty's Government a German attack on Holland must be regarded as a direct threat to security of Western Powers. Failure to take up such a challenge would place Germany in a position of overwhelming predominance in Europe, and in such circumstances His Majesty's Government are accordingly disposed to think that they would have no choice but to regard a German invasion of Holland, assuming that Holland resists invasion, as a *casus belli*.

His Majesty's Government in the United Kingdom are sounding French and Belgian Governments confidentially and on receipt of the latter's views they will further consider question. Ends.

917.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 9

Paris, January 30, 1939

Applications already received for repatriation Canada from Canadian volunteers Spain with passports having reached France by own means. As similar cases will no doubt occur please cable instructions as to proper course to follow. Funds are not available from International Committee for these stragglers.

918.

*Le Premier ministre au chancelier d'Allemagne*  
*Prime Minister to German Chancellor*

Ottawa, February 1, 1939

*Personlich*

My dear Herr Hitler,

Having learned that Mr. Erich Windels is to return to Germany, on leave, tomorrow, I have asked Mr. Windels if he would be so kind as to be the bearer of a personal communication to you from myself.

I continue to recall with pleasure the visit I had to Berlin in the summer of 1937, and particularly the conversation I had with you at the time. It left an indelible impression upon my mind.

On many occasions, I have thought of sending you a letter to recall our meeting and some of the views expressed in conversation at the time. Oftener, I have wished that other of the public men of our day might have a like opportunity of exchanging views with you on some of the world's most pressing problems, and gain for themselves, as I did, first-hand impressions.

In expressing to you my thanks for the many courtesies extended me in the course of my visit to Berlin, I said, if I recollect aright, in a letter<sup>1</sup> I wrote to you, from Brussels, that I believed you could do more than any other man living to help your own and other countries along the path of peace and progress. These words, I believe, are even truer today than they were when I wrote to you a year and a half ago.

I have never wavered in my conviction that to save your people and your country from destruction was the purpose that lay nearest to your heart; also that you believed that war between the great powers of Europe would lead to a condition of anarchy which would mean the ultimate destruction of the nations concerned, regardless of the circumstances which might have occasioned it. On the other hand, I have felt that you believed equally with me that

<sup>1</sup> Non reproduce/not printed.

what, in one country, by way of increase in human well-being might be gained through constructive effort would, in the course of time, come to be the portion of other countries as well.

I think I know something of how many and conflicting are the voices that seek to influence your judgment and direct your decisions. I have always, therefore, been comforted in thought when I have read of your being at your mountain retreat at Berchtesgaden, knowing, as I do, how greatly the quiet and companionship of Nature helps to restore to the mind its largest and clearest vision.

The purpose, therefore, of this letter, is just to recall to your memory the conversation we had together, and to express anew the hope that regardless of what others may wish, or say, or do, you will, above all else, hold firm to the resolve not to let anything imperil or destroy what you have already accomplished, particularly for those whose lives are lived in humble circumstances. If you would not think it too presumptuous on my part, I should like even more to say how much I hope that you will think not only of the good you can do for those of your own country, but that you will remember, as well, the good that you can do to the entire world.

You will, I know, accept this letter in the spirit in which it is written—an expression of the faith I have in the purpose you have at heart, and of the friendship with yourself which you have been so kind as to permit me to share.

With every good wish,

Believe me,

Yours sincerely,

W. L. MACKENZIE KING

919.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 38      London, February 4, 1939

SECRET. My telegram Circular B. 37, February 2nd.<sup>1</sup> Following for your Prime Minister, Begins: Spain. On February 2nd, His Majesty's Minister found Spanish Government in Catalonia inclined to continue resistance though Mr. Stevenson considers their optimism unjustified. He informed Dr. Negrin of his personal opinion that in prolonging the struggle in Catalonia in present conditions the Government were assuming a terrible responsibility. The answer was that the Cabinet were unanimous but this is suspected not to be the case.

The Nationalist advance immediately after the capture of Barcelona has left the Government troops no time for reorganization, their demoralization is increasing and there is a shortage of food among civilian population

<sup>1</sup> Non reproduit/not printed.

as well as the troops. They have no adequate port in Catalonia and the fall of Vich and Bega on February 2nd excludes the hope of much further resistance.

The Nationalist Air Officer Commanding at Majorca has informed His Majesty's Consul of Franco's intention to secure Minorca at once. Franco has no intention, he declared, of allowing Italian or German forces to participate in the conquest and occupation; airmen of these nationalities not being allowed to land. Though the intention is to use aircraft, no bombing is projected. Surrender of the Island by the virtually independent Republican Governor, on promises of an amnesty and a pension for him and his officers, together with a general pardon for everybody except proved murderers, is Franco's hope.

To prevent bloodshed the Nationalist Government has requested that a meeting to arrange terms should be allowed to take place between the Governor of Minorca and Nationalist Commander on board a British warship.

This proposal having been put to French Government for their views a reply has been received to the effect that French Government see advantages therein since His Majesty's Government in the United Kingdom would thereby obtain right to hold Nationalist Government responsible for above assurances given His Majesty's Consul at Palma with regard to Italian and German forces. His Majesty's Consul at Palma further reports that all senior and junior officers in Majorca openly refer to Nationalist Government's determination to get rid of Italians there immediately, as they are no longer useful.

The proposal is therefore under consideration; as also question of parallel and simultaneous action by France and Great Britain with regard to recognition of Franco in the event of latter's complete victory. Franco's representative in London, in urging that this recognition should be accorded by His Majesty's Government in the United Kingdom forthwith, stated that Franco would much prefer to be recognized by this country before France.

The French Government are sending M. Berrard on a temporary mission to Burgos in order to explore possibility of establishing regular relations between French Government and Nationalists. Ends.

920.

*Le secrétaire d'État aux Affaires extérieures au ministre en France*

*Secretary of State for External Affairs to Minister in France*

TELEGRAM 12

Ottawa, February 6, 1939

Your telegram No. 9 of 30th January. Repatriation of individual volunteers who have reached France by their own means. Immigration authorities here have had several approaches of same sort and think the only proper course of action is to maintain the stand already taken that Canadian authorities will not assume cost of transportation of these volunteers. I may add, for your

information, from conversation between Immigration official and Canadian Pacific Railway official at this end, the latter is confident there are funds to take care of these stragglers.

921.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 41      London, February 8, 1939

**MOST SECRET.** My telegram Circular B. 30, January 29th. Following for your Prime Minister, Begins:

*For your very confidential information.*

Following conclusions were reached at a Cabinet meeting held on February 1st at which international situation was reviewed on basis of most recent information available.

(1). His Majesty's Government in the United Kingdom confirm the view expressed in paragraph 3 of my telegram under reference as to threat that any German attack on Holland would constitute to the security of Western Powers and consider that in the event of a German invasion of Holland they would be obliged to go to war with Germany.

(2). In addition they consider that any attempt by Germany to dominate Holland by force or threat of force would also have to be regarded as a menace to the security of this country.

(3). His Majesty's Government are further considering making a public statement about their attitude in regard to The Netherlands which, without being so specific as conclusions summarized above, would make plain that our interest in both The Netherlands and Belgium is so vital as to pass beyond legal obligations, and that His Majesty's Government would therefore be bound to regard as affecting interests which are vital to the security of this country any attempt to infringe or compromise full independence and integrity of the two countries.

(4). A German attack on Switzerland would also be clear evidence of an attempt by Germany to dominate Europe by force, and from this point of view a German attack on Holland and an attack on Switzerland would be in the same category. Consequently if the French Government should enquire whether, if Germany invaded Switzerland and France thereupon declared war on Germany, we should go to the assistance of France, our answer should be in the affirmative.

(5). In view of general position His Majesty's Government have decided to continue Staff conversations with the French Government on broader

lines than hitherto, and to extend their scope. This information is being communicated to State Department at Washington for personal and confidential information of President Roosevelt.

(6). The French reply to enquiry mentioned in last paragraph of my telegram under reference has since been received. It states that French reports, although not confirmed, are similar to those received by His Majesty's Government in the United Kingdom and afford some justification for fears of German action towards the West, either spontaneously or in support of Italian demand. The French Government consider Western Powers are all equally threatened whatever the initial direction of a German or Italian attack, and that this community of risk should logically entail a real solidarity in face of any unprovoked attack by Germany or Italy. On this understanding the French Government would agree with His Majesty's Government in the United Kingdom in considering contingency of an invasion of Holland as a *casus belli*, although they point out that this would not involve any contractual responsibility on the part of France and that her joint action with Great Britain would be of a preventive character.

(7). As foreseen at Cabinet meeting the French Government have also requested an assurance that His Majesty's Government in the United Kingdom would regard an invasion of Switzerland in the same light as an invasion of Holland.

(8). Finally the French reply welcomes decision of His Majesty's Government in the United Kingdom to accelerate their defensive and counter-defensive measures and suggests conscription appears essential for our effective participation in organization of common defence on the Continent. The French Government have also communicated the above views secretly to the Belgian Government. The French reply is now being considered here.

(9). The Belgian reply expresses gratitude for message of His Majesty's Government in the United Kingdom and asks for any similar information in the future, but the only view expressed is that Belgian Government resolutely maintain their policy of independence which they claim to be unanimously approved in Belgium and to be best suited to situation of Belgium and to interests of Europe. When communicating this reply the Belgian Minister for Foreign Affairs said he could not believe that Germany contemplated seizure of Holland, but in any event the Belgian Government were convinced that their only chance to maintain independence and avoid invasion was to have no commitments at all with any country.

(10). On receipt of information from Washington, summarized in my immediately following telegram,<sup>1</sup> Dr. Patijn, the Minister for Foreign Affairs of Holland, asked His Majesty's Minister at The Hague whether His Majesty's Government in the United Kingdom could confirm these reports. His Majesty's Minister, on instructions, informed Dr. Patijn that some of the reports

<sup>1</sup> Non reproduit not printed.



received here suggested Herr Hitler was considering an attack on Western Powers in the near future, and that his plans might involve occupation of Holland. We could not vouch for reliability of any of these reports but in view of their number it would not be safe to ignore them and we were therefore carefully considering position. Dr. Patijn told His Majesty's Minister that he was satisfied that there were no German troop movements against Holland at the moment, but that his latest information had not reassured him. He indicated that, if the worst came to the worst, the Dutch would defend their front line defences as long as possible and then fall back and let in water. They were about to spend 10 million florins to strengthen frontiers and he estimated period possible to resist at 3 to 4 days. Other competent foreign observers in Holland, although agreeing that Dutch would probably fight, are inclined to doubt whether they could resist effectively for more than 24 hours, since Germany could launch an overwhelming attack at such short notice that her intentions might be kept strictly secret beforehand, but we do not necessarily vouch for correctness or otherwise of this estimate. Dr. Patijn is visiting London on February 14th for Grotius Anniversary celebration and Secretary of State for Foreign Affairs hopes to have a further conversation with him then.

(11). We have now informed French Government that we have reached the following conclusions about future conduct of conversations between General Staffs of France and of this country:

(a) Conversations should proceed on basis of war against Germany and Italy in combination, and should extend in scope to include all likely fields of operation, especially Mediterranean and Middle East. (While probability of Japanese intervention should not be ignored, it should be assumed that Japan would be influenced by her existing commitments in China and by fear of Soviet Russia and United States of America, and would be likely to adopt a cautious attitude, at any rate at the outset of any emergency in the near future);

(b) These Staff conversations would result in formulation of specific joint plans both as regards military operations and in sphere of supplies;

(c) Periodical liaison of a regular nature with French Staff would be necessary to keep up to date the plans referred to in (b) above.

Chiefs of Staff here have been invited to survey and report upon whole position forthwith with a view, if French Government agree, to our being in a position at an early date to undertake conversations with French General Staff on wider basis now proposed.

His Majesty's Government in the United Kingdom have enquired whether French Government are prepared to give similar instructions to their General Staff.

In making this communication to French Government, His Majesty's Ambassador at Paris will insist upon extreme importance of keeping present communication absolutely secret and on grave embarrassment which would be caused to His Majesty's Government in the United Kingdom if there were

any leakage. If we ourselves should be asked any questions on the subject we should propose to say that we were merely continuing conversations initiated some time ago. Ends.

922.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 49      London, February 11, 1939

SECRET. In view of most recent developments in Spanish Civil War, consideration has been given here to question of recognition of General Franco's Government as Government of Spain. While no definite decision has yet been taken, following is position as seen here at the moment.

Generally it is felt, with a view to especially counteracting foreign influences, no time ought to be lost in placing relations with Nationalists on a satisfactory basis. It is thought that it would be preferable not to make recognition conditional upon receipt of any specific assurances from Franco, e.g. as to evacuation of all foreign combatants from Spain. We should thus be left free to decide the question of recognition on its merits, whereas if conditions were made as to withdrawal of foreign combatants it would be in the power of foreign Governments concerned to prevent action by maintaining a number of volunteers in Spain for a considerable time despite Franco's wish to be free of them.

As regards time at which recognition could be afforded, it is thought that this must depend upon *de facto* position of Republican and Nationalist Governments respectively. If Spanish Government decided to surrender there would presumably be no reason for delaying recognition. If Negrin continues to resist, the time at which recognition would seem to be justified would be moment at which it becomes apparent that establishment of Franco's authority over whole of Spain was only a question of short time, that further resistance could not affect result and that further loss of life resulting from resistance would be useless. Ends.

923.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 53      London, February 13, 1939

MOST SECRET. My telegram Circular B. 41, February 8th. Following for your Prime Minister, Begins:

1. We have now considered French reply mentioned in my telegram under reference and have sent an answer in which, after reproducing substance of

(1) and (2), it is stated as regards (4) that we should be ready to undertake, if Germany invaded Switzerland and if France thereupon declared war on Germany, that Great Britain would go to the assistance of France in the same way that we understood France would be willing to support Great Britain if Germany invaded Holland and Great Britain thereupon was obliged to go to war with Germany.

2. In reply to further French observations we have stated that joint action by Germany and Italy against the two western Great Powers or against any one of them would clearly have to be resisted in common by the two Powers with the whole of their resources, indeed the obligation which His Majesty's Government in the United Kingdom has assumed towards French Government by treaty already covered case of an unprovoked attack delivered upon France by Germany, whether acting alone or in support of Italy. While it was possible that in the event of an attack upon France by Italy alone France might feel it was not necessary in her interests that Great Britain should intervene if effect of such intervention were to bring Germany into what might otherwise be a localized conflict, we were fully conscious that risks to which the two Powers were severally exposed could not be dissociated. French Government would have noted Prime Minister's statement in the House of Commons on February 6th (see my telegram Circular B. 40 of February 7th<sup>1</sup>).

3. It was added that it was in the light of this situation that we had proposed to French Government that Staff conversations should in future be conducted on basis outlined in my telegram under reference.

4. The terms of answer to French Government are being communicated to the Belgian Government for their secret information. Ends.

924.

*Le sous-secrétaire d'État aux Affaires extérieures  
au délégué permanent [SDN]*

*Under-Secretary of State for External Affairs  
to Permanent Delegate [L. of N.]*

Ottawa, March 2, 1939

CONFIDENTIAL

Dear Mr. Wrong,

I should have acknowledged before this your letter of December 8th,<sup>1</sup> enclosing two copies of a memorandum<sup>2</sup> embodying your opinions on the position of Canada in the light of the events before and after Munich. You

<sup>1</sup> Non reproduits not printed.

<sup>2</sup> Voir le doc. 906/see doc. 906.

need not have hesitated to send the memorandum. I think I entirely agree with you that the situation is critical and the need for thinking it out is obvious. It is a very clear-cut and helpful contribution to the problem. It has been circulated among the senior members of the department here.

The questions involved in our ambiguous status have been receiving a good deal of attention here and the Munich developments have certainly accentuated the interest in the question both in governmental and private circles in Canada. I have never known as general public interest in the fundamental question of our international position as now prevails.

I think your assumption is correct that if war had come Canada would have been involved as a belligerent, technically from the start and actually after Parliament had met. There would have been a good deal of dissension and bitter feeling but I have myself not much doubt of what the immediate outcome would have been.

That is certainly not a satisfactory situation to anyone who believes in self-government and its implications. Opinion, however, is so divided in Canada that I do not see any immediate likelihood of a satisfactory clear-cut solution at present. If the next year or so passes without a war, I have little doubt that the ripening of public opinion in the assumption of more national responsibility in questions of war as well as in questions of peace will continue at a more rapid pace than in the past ten years. In the meantime the important thing is to take no steps that would prejudice such further development, if that can be done.

I quite agree with your general conclusion that little can be done in a hurry and that for the next few years the necessary steps are the education of the Canadian people to think boldly about Canada's place in the world and the proper orientation of Canadian policy and the machinery for its conduct.

As regards consultation with the United Kingdom, there is much to be said in theory for seeking to influence British policy, since we are, for the present, likely to be compelled to accept it. Mr. Menzies, the Australian Attorney-General, has recently been urging a united empire foreign policy, stating that his conception of Australian foreign policy was not to have contact with foreign countries but to seek to advise and influence the United Kingdom in its conduct of foreign affairs. I think, however, such a hope is illusory. Aside from the technical difficulties of consultation in times of crises, my conclusions after a good many years of observation have been that the United Kingdom would accept our advice only when they wanted it and would then state that they were adopting this policy because the Dominions wanted that policy. I have, therefore, no objection to further consultation provided it is all along the line—consultation with the other Dominions, consultation with Geneva, consultations with the United States as well as consultations with the United Kingdom.

You are not alone in the further view that action should be taken to clarify the legal position as to Canada's legal status as a belligerent. There has been a good deal of discussion on this subject in Canada, in which Frank Scott,

Corbett, McKenzie and others have participated. I enclose a copy of a Bill which J. T. Thorson has introduced in Parliament, drawn up I understand by a group of men throughout Canada who are interested in the subject; also copy of a Resolution by Mr. Woodsworth, which will probably be withdrawn in favour of Thorson's Bill. I do not think, however, there is any possibility of the Bill being accepted. If it passed the House of Commons it would be thrown out by the Senate, which would leave matters worse than before. I enclose a copy of a memorandum<sup>1</sup> on the general subject of automatic belligerency which I have prepared for consideration of Mr. King and Council.

As to our place in the League, I still believe it is a good end in itself, and can also be used for the development of an independent and constructive foreign policy—not, for the present, in the making of peace and war. The difficulty is to secure continuous interest in Geneva by Ministers and Members who are overwhelmed with matters of immediate and pressing moment.

As to whether we have pressed too far our objection to sanctions—there is perhaps room for a difference of opinion. From a standpoint of the relationship of the League to establish an independent Canadian foreign policy, I can quite understand the view, that by taking our decisions on war participation through the agency of the League and as a Member of the League, we reserve the semblance of independent action and our self respect. That is a view which I think General Hertzog rather desperately clings to and it has some supporters in Canada. I do not, however, think it really affords a solution. Such action would not fool any other country, nor even ourselves. The plain fact is that if we go into any European war it will be simply and solely on the grounds of racial sympathy with the United Kingdom. Why obscure this fact or try to dress it up with talk about saving democracy or our League obligations? The sooner we face the actual reality the better. There may be cases in which Great Britain would not be into a war before the League could be summoned but those would be cases where she did not intend to get into a war, whatever the League might do or say.

As to Canadian equipment for the conduct of External Affairs, I entirely agree with what you say. Not a month has passed for some years without this argument being urged but I hope that now that the ice has been broken for the second time there will be development along the lines of new Legations, representation in the Dominions and the establishment of a Consular service but I am not optimistic in making any forecast as to when the next steps will be taken.

With much appreciation, I remain etc.

O. D. SKELTON

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<sup>1</sup> Non reproduct/not printed.

925.

*Le chargé d'affaires de France au sous-secrétaire d'État  
aux Affaires extérieures*

*French Chargé d'Affaires to Under-Secretary of State  
for External Affairs*

Ottawa, le 6 mars 1939

Cher Docteur Skelton,

J'ai l'honneur de vous faire parvenir, ci-joint, un mémorandum vous confirmant la démarche faite auprès de vous le samedi matin 4 mars.

Veuillez agréer etc.

HENRI DE LAGENESTE

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

Ottawa, March 6, 1939

The French Government has received on its territory more than three hundred thousand Spanish refugees. Their presence confronts the French authorities with a problem which they find themselves absolutely compelled to solve as soon as possible.

The French Legation would therefore be grateful if the Canadian Government could undertake to receive a quota of the refugees; the French Government would be very pleased to learn of the number.

The Legation ventures to draw the attention of the Minister of External Affairs to the fact that this question does not arise as a simple immigration problem, but that it has implications of international co-operation and of humanity which the Canadian Government will not fail to take into account.

926.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire de Grande-Bretagne*

*Under-Secretary of State for External Affairs  
to British High Commissioner*

Ottawa, March 6, 1939

Dear Sir Gerald,

May I refer to Mr. Holmes' confidential letter of the 25th January, 1939,<sup>2</sup> my confidential letter of the 19th January, 1939,<sup>2</sup> and to despatch

<sup>1</sup> De la légation de France/by French Legation.<sup>2</sup> Non reproduites/not printed.

No. 16, also of the 19th January, addressed to the Secretary of State for Dominion Affairs, all dealing with the effect of the incorporation of Austria in the German Reich upon various treaties.

In the third last paragraph of despatch No. 16, you will find set forth the views of the Canadian authorities with regard to this problem.

Certain inquiries were made from the Dominions Office, particularly with regard to the question of extradition treaties. It was thought that if an exchange of notes was regarded as being legally necessary in order to enable existing treaties to function in respect of former Austrian treaties, reconsideration of the position of the Canadian Government might become necessary.

I have not received any definite reply with regard to this point as to extradition. This matter is, however, dealt with in the exchange of notes, Treaty Series 71 (1938) Cmd. 5888. I have no doubt that you have examined these notes and that you will have observed that they include within their scope existing extradition treaties.

No final decision has been reached with regard to the necessity for special Canadian action. I am enclosing for your information a very brief note<sup>1</sup> from the Legal Adviser, on this point. It is probable that no special action will be taken to make express provision for the application of the treaties in question, unless some considerations are brought to our attention as a result of the inquiry made to the Dominions Office. It seems probable that the transmission of the texts of the exchange of notes is intended to be taken as the answer to the inquiry, and that there will be no further communications with regard to the extradition problem.

Yours sincerely,

[O. D. SKELTON]

927.

*Le sous-secrétaire d'État aux Affaires extérieures  
au chargé d'affaires de France*

*Under-Secretary of State for External Affairs  
to French Chargé d'Affaires*

Ottawa, le 7 mars 1939

Cher M. de Lageneste,

Me référant à votre lettre du 6 mars et au mémorandum qui l'accompagnait, concernant les réfugiés espagnols en France, j'ai l'honneur de vous faire parvenir sous ce pli un mémorandum vous confirmant les renseignements que Mr. Laurent Beaudry vient de vous transmettre verbalement.

Veuillez agréer etc.

O. D. SKELTON

<sup>1</sup> Non reproduite not printed.

[PIÈCE JOINTE/ENCLOSURE]

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

TRADUCTION

Le Gouvernement du Canada a considéré attentivement les représentations faites par M. de Lageneste samedi et lundi au sujet des difficultés qui se présentent comme conséquence des multitudes de réfugiés espagnols qui ont fui par la frontière en France. Le Gouvernement canadien se rend compte des difficultés que la situation a créées pour le Gouvernement de la France. Il regrette, toutefois, que, vu la situation relative au travail (employment situation) au Canada et les arrangements qui se font concernant les réfugiés de l'Europe centrale, il ne serait pas possible de s'engager, tel qu'il a été suggéré, à accueillir un contingent des réfugiés espagnols en question.

928.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 86

London, March 7, 1939

MOST SECRET. My telegram Circular B. 20, January 25th. Most Secret. Following for your Prime Minister, Begins:

1. Following is appreciation of international situation based on most recent information in the possession of His Majesty's Government in the United Kingdom.

2. While we are not disposed to underrate latent danger in present situation, we are now inclined to think that Hitler has for the time being abandoned idea of precipitating an immediate crisis, such as he seemed to be contemplating at the beginning of the year.

3. Our information suggests that this is largely because the German Government have since January been impressed by firm attitude of French Government towards Italian claims, by progress of our re-armament, and by Prime Minister's statement of February 6th on Anglo-French relations, and not least by recent attitude of United States Government. It may also be due in part to temporary deterioration of German railway system.

<sup>1</sup> Du gouvernement du Canada by Canadian Government.



4. According to reliable reports no definite signs of impending mobilization are apparent in Germany, and there do not appear to be any special troop concentrations in Austria. There has probably been an acceleration of arms deliveries to Hungary which may have given rise to stories of assembly of material in the East. Meanwhile, however, German army is working at high pressure and training of reservists is being expedited but reports of special military preparations would seem to be based upon probability that German army was warned to be prepared for all eventualities in the Spring and has been making necessary preliminary preparations.

5. Hitler is clearly preparing for every possible eventuality. Rumours of one plan or another are continually reaching us and cannot be lightly discounted. On the other hand there is no evidence at present that any one of them has been irrevocably adopted by Hitler and date fixed for its being put into force.

6. Sir Nevile Henderson's conversations with Herr Von Ribbentrop, Field Marshal Goering and Baron Von Weizacker on his return to Berlin gave the impression that Hitler was at present planning no immediate adventure.

7. Against this, Herr Hitler's pledge to Italy, in his Reichstag speech of January 30th, is disquieting in view of present state of Franco-Italian relations, particularly as Baron Von Weizacker replied to an inquiry regarding precise significance of Herr Hitler's words that any close analysis was superfluous since it was quite clear that Germany would support Italy in the event of war.

8. As regards Italy, we believe that average peace time strength of Italian army at this time of the year, i.e., before annual class of recruits has joined colours, may be a little over 250,000 rising to as much as 450,000 when recruits have joined. At the present moment the Italian army is probably below average strength because class of 1917, which is now doing its service, is a very small one; the extent of this deficiency is unknown.

9. Recently Italian Government have taken a series of military measures. A number of reservists of 1901 class have been called to the colours; according to reports which have reached us, most men found to be in employment were released and their places taken by unemployed from the immediately following classes, bringing the total to about 60,000; some individuals of other classes have apparently also been called up but we have no information as to numbers involved or use to which they will be put. More recently notices have been posted calling to the colours for their normal training the men of the 1918 class and of the first four months of 1919; the 1918 class was small and it was announced last year that the class of 1919 would be drawn on to produce a full quota. (It should be noted in this connection that the period of military service has not been extended in Italy to make good the deficiency of the war years as has been done in France; instead the Italians are resorting to this device of calling men of more than one year to the colours.) The Italians have also called up for service the men of 1915, 1916

and 1917 classes who have hitherto been exempted from service for various reasons, and have lowered required height of recruits. It is impossible to say how many men will be affected. It is not thought that there are many men of 1917 class who could still be trained, as this very small class has already been finely combed to fill annual quota; there may be as many as 150,000 men of 1915 and 1916 classes who have not yet been trained; but some of them are physically unfit and others must probably be exempted for family reasons or because they cannot conveniently be released from their employment. It is not unlikely that a sufficient number of men may be taken to make good the deficiency in 1917 class; this may be between 25,000 and 50,000.

10. It appears that 30,000 men of 1901 and 1918 classes are being sent to reinforce garrison in Libya.

11. There have also been some signs of unusual Italian naval activity of late.

12. Our general impression is that there has been an abnormal amount of military activity in Italy, but that it is at least premature to deduce that Signor Mussolini has decided to resort to war in the immediate future. The present activity may be merely an insurance against unexpected developments in Spain, or a prelude to an attempt to blackmail the French into meeting Italian demands; it may also be partly intended to relieve unemployment situation which is beginning to give anxiety, or to test administration of the older classes.

13. Such explanations are, of course, highly speculative, but it is important to note that up to the present the men called to the colours are all either untrained or else were trained some time ago under conditions that made it unlikely that they would now be valuable soldiers. Moreover the incorporation now of an abnormally large number of untrained recruits will temporarily diminish Italy's ability to engage in a war, though later in the year she may have more trained men than usual under arms.

14. Examined in this light the recent Italian measures are not unduly alarming; but situation certainly needs very careful watching. In this connection there have been indications that Italy might be contemplating direct intervention in *Albania*.

15. As regards relations of Japan with Germany and Italy, we do not believe that Japan has come into line with Anti-Comintern Pact. On the contrary Japan's counter proposals will, we think, be submitted early next month for consideration by Germans and Italians. This will of course not prevent the three Powers playing into one another's hands as and when it suits them to do so.

16. Similar appreciation has been sent to His Majesty's Ambassador at Washington for communication to the President of the United States for his personal and secret information. Ends.

929.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

March 10, 1939

## BRITISH EXPEDITIONARY FORCE

This week the British Government indicated that it no longer considered another crisis imminent. This week also it announced a reversion to the policy of sending a large British military force to the Continent if war did develop.

For some years the whole trend has been against any commitment to send an expeditionary force to the Continent. Attention was being diverted to the air. France's army, with the forces of her Eastern allies were considered immensely superior to anything that could be brought against them. The building of the Maginot and Siegfried lines seemed to imply a stalemate, the difficulty of either France or Germany invading each other in any great numbers. Discussions in the House of Commons showed that the Government had ceased to plan on an expeditionary force to the Continent.

In introducing the Army Estimates only last year, Mr. Hore-Belisha suggested it would not be necessary for Britain to send more than a small highly mechanized army into a Continental struggle. It was not necessary that Britain's sacrifice in man power in 1914 should be repeated in the next war. "History sometimes repeats itself, but rarely in the same context. The assumptions of an unforgettable past are not always the surest guide to an unpredictable future".

Now, however, the situation is changing. It may be that a different view of strategy has been adopted. It may be that France and Great Britain are now feeling the loss of the Czechoslovak and other southeastern allies. At any rate it was indicated some little time ago that perhaps two divisions might be sent to the Continent. This week the British Secretary for War has announced that a field force of nineteen divisions, say 300,000 men, has been formed within the British Army, which could be sent to the Continent at the outbreak of war.

Mr. Hore-Belisha was careful to avoid the use of the term "expeditionary force". He called it a "field force for use in certain eventualities". "Conversations between ourselves and the French have not committed us in this respect, but practical minds should be ready for any eventuality. If we are involved in war, our contribution and the ways in which we can best make it will not be half-hearted nor upon any theory of limited liability".

Paris has naturally been very quick to emphasize the last sentence and in fact to belittle the present plan; at least, press reports from Paris indicate satisfaction at the proposal to send 300,000 men to France, and add that "this figure is regarded as indicative of the effort Great Britain would now undertake to contribute at the beginning of the war and not as definitive".

<sup>1</sup> O.D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

As we have been officially advised, France has for some time been urging Great Britain to adopt conscription.

Obviously this development has repercussions on the Canadian situation. It will increase the pressure for developing a Canadian expeditionary force; it will make it more difficult to persuade the people who examine our militia defences carefully that our defence measures are really designed for the defence of Canada; it will make it more difficult to contend that if we did take part in an overseas war, any overseas participation by Canadians would be confined to a few thousand airmen; it will make it more difficult to give an assurance against conscription.

In saying that it will be more difficult to take any of the above positions, it is not implied that they cannot be taken and adequately defended, in spite of the new factors in the situation. After all, this development is not contrary to the striking movement for the decentralization of Commonwealth defence which has been the feature of the last four or five years particularly. British co-operation with France is from the geographical point of view a matter of local defence; there is only twenty miles between the two countries. A parallel would be joint action by Canada and the United States to avert an overseas attack. It is highly improbable that South Africa or Australia would send troops overseas. Neither South Africa nor Australia has the United States beside it, and both are farther away from Britain and France than Canada. South Africa, in the event of being at war, will have all she can do to guard her own territories and the territories to the north. Australia would have a good deal more than she could do. Any joint action that Australia contemplates will be joint action in the Southern Pacific. Hence the conference recently announced to be held in New Zealand between British, Australian and New Zealand representatives to discuss defence matters. (That is, according to a press report; we have had no official communication or advice on the subject).

930.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 105

Ottawa, March 14, 1939

CONFIDENTIAL

Sir,

I read with much interest your despatch No. A. 29 of February 10, 1939,<sup>1</sup> regarding Mr. Chamberlain's Birmingham speech of January 28th and his declaration respecting France made in the House of Commons on February 6th.

<sup>1</sup> Non reproduce not printed.

2. Taking account of various fairly recent developments—including both the Prime Minister's and the Foreign Secretary's statements and items like the announcement of General Staff conversations, as well as the corresponding French declarations—it is indeed noteworthy how the public declarations of general solidarity between Great Britain and France have progressively appeared to take on a more and more unequivocal character. This is not belied by the confidential exchanges made known to us which have taken place between the two Governments to harmonise their action in the event of various particular contingencies. The significance of the declarations will doubtless be weighed by all concerned in the light of the circumstance that they appear to represent a careful effort to keep within the limits of widely held estimates of the vital interests and strategical necessities of both countries. This circumstance, coupled with the prevailing atmosphere of fears and apprehensions, may also perhaps explain the fact that such commitments appear to have a less and less startling effect upon the minds of the peoples concerned.

3. Upon a particular though obviously extremely significant aspect of the alliance, namely, the extent to which the British liability may come to be regarded as involving a large scale participation in mass warfare on the Continent, ministerial statements of the past week or so, especially one by the Secretary for War, appear to disclose a substantial modification of the views held in many quarters not very long ago. Upon this point completely specific definition is doubtless impossible in advance of the event, but the joint staff conversations may be supposed to throw some light upon present intentions or ideas, and I assume that in due course we shall receive information concerning these conversations.

4. The obverse of this progressive Anglo-French development is, it has to be faced, the succession of similar German and Italian public declarations of a general character coupled with the indications or suspicions of secret definitions of a specific character. In paragraphs 8 and 11 of your despatch under reference you have noted the view of some commentators that Herr Hitler's assurances of collaboration with Italy display a certain ambiguity. The major member of such a partnership is always faced with doubts of his partner's firmness, or with the danger that the partner may carry him and the joint business willynilly into disaster through some wrongly timed or calculated enterprise. His means of controlling the partner's activities are none too sure, and he has to watch carefully and try to secure the closest consultation in advance upon every significant step. The British Government have naturally had to take such a line as regards French activities. The Fuehrer may have reason to believe that the Duce requires an even more watchful eye, and if any joint operation were ever contemplated it might well become an important German aim to get the Italians actually plunged into the operation first.

5. But the central fact about Europe today now appears fairly plain: she possesses two pairs of Great Powers engaged in a vast armament race and

inherently likely to act as the powerfully attractive nuclei of two wider groupings. Meticulous speculation upon the precise terms of the respective alliances may not prove to be very important. It will be recalled that in summarising their outlook upon the field of foreign affairs the Members of the Imperial Conference of 1937 "decided to register their view that differences of political creed should be no obstacle to friendly relations between Governments and countries, and that nothing would be more damaging to the hopes of international appeasement than the division, real or apparent, of the world into opposing groups". Today the division of Europe is certainly "apparent". While it may be too soon to say that it is "real", more and more people appear to be accepting it as real, and this in itself if it went on would be capable of making it irrevocably so.

6. The 1937 Conference spoke not merely of Europe but of a division "of the world" into opposing groups. In the view of the other Great Powers—the United States, Russia and Japan—the division of Europe must present both responsibility and opportunity for either profit or self-denial. Especially must this be so for the United States as the greatest concentration of power in the world. In their case, as with others, the whole scene has not failed to stir their aspirations, their ambitions and their doubts. It evokes an increasingly vigorous and sustained debate in the Congress, in the daily and periodical press, and over the radio. Beneath the emotional responses to the "war of the ideologies" there is a hard core of preoccupation with their strategical necessities and advantages as a state. Their own "Balance of Power" calculations have to be concerned with the world as a whole, and the European division is only one though an important factor. Their military students and historians have been producing a series of illuminating books. The power commanded by the United States is so great beyond precedent that, if mobilised and thrown into one scale or another, it must have great practical consequences. It is not necessarily to be assumed that they will be the consequences intended or will be good consequences or can be clearly foreseen. In the eyes of Western and Central Europe an outstanding practical consequence of the catastrophe of 1914-18 has been the upward advance of the United States in the scale of relative power. It seems clear enough that, should a comparable European disaster occur again, a further acceleration of that advance must result whether the United States wished it or not, whether they joined in the battle or not; for the physical factors are such that their participation even at the maximum must be incomparably less exhausting and torturing than that of the Europeans.

7. It is to be supposed that the various pronouncements from Washington exert a considerable influence upon the calculations and plans of others. In this connection others have doubtless noted the fact that the actual United States defence program, in its scheme of organisation, equipment and supply for army, navy and air force, as well as in its industrial and other provisions,

can scarcely be said to be one adapted only to the necessities of territorial defence; for it is consistent with a purpose to conduct large scale operations abroad. On the other hand, as you are aware, there is the very strong civilian element in the Congress and elsewhere, which is indeed not wholly unsupported by military opinion and which will go to great lengths to block any action by the President and his naval and military advisers that might appear to be unduly adventurous or not dictated by the people's real interests as traditionally conceived. The ruling forces in Washington obviously have a very difficult role, calling for the exercise of great wisdom, patience and self-control. They are doubtless often under strong pressure, and perhaps temptation as well, to take a "strong line", and it must sometimes become very difficult to draw the line between what might fairly be regarded as a reasonable furtherance of their own people's reasonable necessities and what might become in practical consequence a rash incitement affecting both their own people and the peoples of other countries. An ill informed, ill judged or over ambitious injection of their diplomacy into the European situation might have the worst effect upon that already unstable and precarious situation. It is perhaps not wholly irrelevant to mention here the appreciations of that situation received from the Dominions Office during January to which you referred in your confidential despatch No. A. 21 of February 1, 1939,<sup>1</sup> and which it appears were placed also in the possession of the President.

8. There appears to be a widespread view that the international situation has appreciably relaxed in recent weeks, and this is a welcome relief, unless today's news of Slovakia is to belie it. The alternation of "tension" and "relaxation" is becoming a familiar theme. Considering the underlying factors it is not so easy to regard it as a reassuring theme. It is difficult, for example, to dissociate it from the reflection that as affairs grow more critical and dangerous national action and propaganda everywhere appear to tend, with less and less disguise, to interpret international co-operation as meaning principally the business of trying to get one's own chestnuts pulled out of the coals by others. At every stage it also becomes still more plain that, so far as events may be said to be subject to conscious direction, the predominating direction is in the hands of those who rule what are called the Great Powers and will be exercised with less and less qualification in what is conceived to be their own vital and highly pervasive interests. As a natural consequence the governments of the Small Powers are prudently neglecting no device which might turn out to afford them at least some opportunity to protect their peoples' less ubiquitous and mystical but still equally vital concerns.

I have etc.

O. D. SKELTON for the . . .

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<sup>1</sup> Non reproduite/not printed.

931.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 95

Ottawa, March 21, 1939

**MOST IMMEDIATE.** Press reports from London on Saturday stated High Commissioners had been asked to meet at Downing Street after British Cabinet meeting. Sunday's despatch stated that yourself and other Dominion representatives conferred with Dominions' Secretary and received latest information on developments in Europe. We have had no communication from you on this subject. Please advise immediately whether above statements were correct.

932.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 115

London, March 22, 1939

**MOST IMMEDIATE.** Your telegram No. 95, March 21st. I attended meetings of High Commissioners, including Irish and South African, with Dominions' Secretary called by the latter on Saturday March 18th and Monday March 20th. These were for the purpose of giving information on the latest developments in European situation. In accordance with verbal instructions which I received from you when you were last in London I ceased to attend such meetings and followed practice of requesting an interview with Dominions' Secretary alone after High Commissioners' meetings for the purpose of receiving information which had been given to the other High Commissioners at such meetings. From my conversation with you I trust that on occasions when special circumstances seemed to justify it I was not to be precluded from meetings with Dominions' Secretary along with other High Commissioners. The grave emergency which exists at the present moment appeared to me to justify fully my taking this course. The circumstances of present critical situation make it difficult for me to ask for special conferences with Dominions' Secretary as the latter working under great pressure. Nothing transpired at meetings under reference which warranted a cablegram as you had already received information direct.

In the absence of further instructions presume I may carry on as indicated above. Dominions' Secretary has invited High Commissioners to meet Foreign



Secretary this afternoon. Unless instructed to the contrary I plan to attend this meeting after which I will telegraph any information received which has not been cabled direct.

MASSEY

933.

*Le consul général par intérim d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*Acting German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, March 22, 1939

Sir,

Upon instructions from my Government I have the honour to inform you that by the impending enactment of a new German Customs Act which will apply also to the former country of Austria as well as the Sudeten-German regions, the customs' frontiers between the territory of the former federal state of Austria and the Sudeten-German regions on the one hand, and the other parts of the German Reich on the other hand, will be removed. The exceptional regime, from a trade-political point of view, created with regard to these territories for a transitory period since their transfer to the German Reich, will thereby come to an end.

The day on which this new German Customs Act will come into force will be notified to the Canadian Government in advance.

The German Government believe themselves justified in assuming the consent of the Canadian Government to the Provisional Trade Agreement and the Payments Agreement signed between Germany and Canada at Ottawa on October 22, 1936,<sup>1</sup> having to be applied also to the territory of the former country of Austria and to the Sudeten-German regions as from the date of coming into force of the new German Customs Act.

I should be grateful if the Canadian Government would inform me of their agreement with this assumption.

I have etc.

DR. GRANOW

934.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 99

Ottawa, March 23, 1939

CONFIDENTIAL. Your telegram No. 115 March 22nd. The purpose of my telegram No. 95 was not to take exception to your being present at the meeting of High Commissioners with the Dominions' Secretary but in view

<sup>1</sup> Voir chapitre IV, partie 3 a see Chapter IV, Part 3 a.

of conflicting reports and questions here to enquire whether you were as a matter of fact present and if so whether you had anything to report.

2. I am quite prepared under present circumstances to approve your sitting in with other members to get any general information that might be useful in interpreting the despatches we receive from the Government of the United Kingdom.

3. It is, however, recognized, as indicated in the exchange of correspondence<sup>1</sup> with Mr. Malcolm MacDonald in May 1936 that when it is necessary for the Government of the United Kingdom to communicate important information to, or to consult, the Dominion Governments on any matter of policy, the established channel of communication is from Government to Government, normally in the shape of a message from the Prime Minister or from the Secretary of State. It was further indicated that any meeting with Dominion High Commissioners was to furnish supplementary information and to afford an opportunity to give the atmosphere of the situation. Such conversations were meant to be purely informative and there was no question of any Dominion Government being committed to any line of policy by what took place.

4. In order to avoid misunderstandings, it is essential that this procedure should be followed. Consultation must be between Governments direct or when so desired through the representative of the Government initiating the consultation. The responsibility for stating clearly its view and any point on which it desires the view of the other Governments is thus assured. You, of course, understand that while attending such High Commissioners' meetings, you would not be authorized to indicate the view of the Canadian Government unless under special instructions. It is particularly important to make the matter clear in view for example of the fact that the Foreign Secretary is reported as having stated in the House of Lords on March 20th that Great Britain had begun close and practical consultation with the Dominions and other Governments to study the situation created by the Czecho-Slovak coup. We have thus far received no communications from London in the nature of consultation or any suggestion as to consultation.

935.

*Mémorandum*<sup>2</sup>

*Memorandum*<sup>2</sup>

March 23, 1939

1. With the disappearance of Memel without a shadow of resistance from any quarter, the most immediate danger point appears to be the relations between Hungary and Roumania. Hungary of course has for twenty years sought to recover the territories stripped from it during the war, and parti-

<sup>1</sup> Non reproduite / not printed.

<sup>2</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

cularly the Transsylvania area settled predominantly by Hungarians and Germans which was taken over by Roumania as part of the loot of the last war. Hungary's attitude, summed up in the popular cry, "No, No, Never", was one of the reasons for the formation of the Little Entente between Czecho-Slovakia, Roumania and Yugoslavia, all of which were beneficiaries of Versailles, and naturally banded together against Hungarian reprisals.

The present Roumanian danger arises from heavy mobilization by Hungary and the alleged presence of twenty-five German divisions on the Hungarian frontier as possible support. The British and Polish Governments are urging the Hungarian Government to halt, and the Polish Government is proposing to Hungary and Roumania a joint commission to consider how far each can demobilize at once.

2. The British proposals for an anti-Hitler front are meeting with very heavy going. We were informed yesterday that the Governments of Turkey, Greece and Yugoslavia, when sounded as to their attitude in the event of a German attack on Roumania, replied to the effect that they were not able to indicate their own attitude without information of the reported German action and without further reflection and some indication of the probable attitudes of other Governments. The Soviet Government, which still resents the way in which it was cold-shouldered by Great Britain and France last September, has thus far declined to join in a declaration and proposes a public conference instead.

The Poles indicate doubts as to lining up in military or political co-operation with Russia, and, in brief, are reluctant to get down from the fence on which they have been sitting so skilfully the past three or four years.

Roumania, while believing that the western powers should indicate that they will not permit any change of frontiers, is herself unwilling to enter any general pact of mutual assistance as being provocative to Germany and because opinion in Poland, Yugoslavia and to some extent Roumania, would be opposed, at any rate for the present, to the inclusion of Russia.

936.

*Le consul général par intérim d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*Acting German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, March 24, 1939

Sir,

With reference to my letter of March 22, 1939, concerning the application of the Provisional Trade and Payments Agreements between Germany and Canada to some territories recently acquired by Germany, I have the honour to notify to the Canadian Government the enactment of the new German Customs Act, referred to in my above letter, incorporating the former

Country of Austria as well as the District of Sudetenland into the Customs Territory of the German Reich. This new Customs Act will come into force on April 1, 1939.

I have etc.

DR. GRANOW

937.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

March 28, 1939

Senor de Iturralde, who has been acting for some time as the representative in Canada of General Franco and who is Consul General designate in Montreal for Nationalist Spain, telephoned this afternoon. He had planned to take formal possession tomorrow morning of the Spanish Consulate General and to hoist the flag of Nationalist Spain over it, but wanted to ascertain how such action would be regarded by the Canadian authorities. He thought that as the Duke of Alba had already presented his credentials as Ambassador in London that the recognition of Franco by Canada had been thereby effected. I told him that the recognition of foreign governments by the Canadian Government did not follow automatically or immediately on similar action by any of His Majesty's other Governments; that it had been stated in Parliament that the question was receiving consideration and that presumably some action would be taken on the question in due course. I said that I could not advise him on my own authority as to what he should do, but my own reading of the situation was that it might be wiser for him to wait to see what action was taken by the Canadian Government before he took any formal steps in the matter. He wondered if the same objections held to his taking over the office privately by arrangement with its present occupant.

Iturralde's address is 780 Brewster Street, Montreal, his business address is the Mail Order Division of Dupuis Frères. He said he had already consulted Superintendent Gagnon of the Royal Canadian Mounted Police in Montreal as to what he should do about carrying out the instructions he had received from his Government, and indicated that we could always get in touch with him through Superintendent Gagnon. He was anxious not to take any precipitate action in a manner that would give any offense to the Canadian authorities, and would be glad to learn, as soon as possible, what the attitude of Canada would be in respect of the recognition of his Government.<sup>2</sup>

<sup>1</sup> N. A. Robertson à/to O. D. Skelton.

<sup>2</sup> Le 29 mars 1939, l'auteur de ce mémorandum, monsieur N. A. Robertson, reçut la réponse suivante du sous-secrétaire d'État aux Affaires extérieures:

On March 29, 1939, the author of this memorandum, N. A. Robertson, received the following message from the Under-Secretary of State for External Affairs in reply:

"Whether or not the present Spanish Consul-General loses authority depends on when we recognise the new Government of Spain. When we do that, it will be for them to advise us whom they wish to appoint as Consul-General, and to seek an exequatur for him. Until that is done, he has no authority to act."

938.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

London, March 28, 1939

TELEGRAM 132

Your telegram No. 97, March 22nd,<sup>1</sup> Canadian prisoners in Spain. Dominions Office say that message just received from British Consul at Valencia that Spanish Republic authorities have decided immediately to release their Italian prisoners so that in the very near future all Canadian prisoners held by Franco should be released.

939.

*Mé morandum*<sup>2</sup>*Memorandum*<sup>2</sup>

March 29, 1939

NOTE ON THE PROPOSALS FOR A CANADIAN EMBARGO  
ON WAR MATERIALS TO GERMANY, ITALY AND JAPAN

The action demanded by these proposals is that the Government place an embargo upon the export of war materials from Canada to the countries in question, this action to be taken presumably under Section 290 of the Customs Act and to cover only certain materials of special use in war such as nickel, aluminum and copper. In reality, however, that is an extremely vague way of putting the issue. It leaves out all the vital questions which the Government would have to consider, such questions as the purpose and basis of the action, its practical effectiveness for the purpose, and its practical political consequences or repercussions. It is a most serious proposal and the ground has to be cleared with care.

At the outset the Government encounters the all important question of the purpose and the legal or political ground upon which such action could be based.

Action of this nature might be proposed as an economic reprisal or retaliation by Canada designed as a measure of defence against some economic action taken by the countries in question and being specifically injurious to Canadian trade with or Canadian interests in those countries. But that does not appear to be the demand: the proponents do not allege or prove such a case, and the Government are not yet aware of facts upon which such a case could be clearly established. So that ground of action is ruled out.

<sup>1</sup> Non reproduit not printed.

<sup>2</sup> De/by I. C. Christie.

Next, the embargo might be proposed as a weapon to bring pressure upon these countries on account of their activities against third countries. This, it has to be taken, is what the demand really means—and the propaganda usually accompanying such proposals appears to bear this out fully. In such a serious business the people of Canada are entitled to frankness and there should be no misunderstandings or room for doubt. It would be in violation of our commercial treaties (and incidentally squarely obstructive of the efforts to widen international trade as well as an impetus to the drive of many countries toward self-sufficiency). The purpose and principle of the proposed embargo is the purpose and principle of what are called "economic sanctions" and what are in reality political measures of the highest category. The action would mean instituting a form of blockade and hostile pressure against those countries because they are considered to be acting towards third countries in ways that are regarded as politically unjustifiable. They are felt to be acting as aggressors against third parties, and Canada, it is proposed, must therefore institute action which, it has to be faced, would have the character of hostilities against them—or what they might regard as counter-aggression.

Such considerations lead on to the further question—and this too is often left vague—whether the proposals mean that the embargo is to be laid by Canada alone, or whether it is proposed as a measure to be taken jointly and collectively with other countries.

At the last Session, on May 24, 1938, the Prime Minister gave the Canadian position regarding "sanctions", and it is unnecessary to repeat at length. He showed how peoples more and more universally had come to "realise more clearly the difficulty of putting on economic sanctions unless the countries doing so possess overwhelming force and are firmly bound to apply military sanctions if the occasion arises, and are prepared to exchange firm and explicit territorial and military guarantees among each other in advance". In short, you cannot—if you are in earnest—propose "sanctions" against a country unless you have definitely made up your mind that you have overwhelming force firmly lined up with you and unless you let it be definitely known that you are prepared to move it into war.

The Government have also many times clearly given the view that it is neither appropriate nor useful that Canada should take the initiative or leadership in political interventions in the European and Asiatic situations. That is a role for the Great Powers, who command the bulk of the resources and equipment essential to action, whose interests are predominantly at stake, and who stand to benefit or suffer most as the case may be. It need only be added that the Government have as yet had no proposal from such quarters, while the British Government recently indicated publicly their opposition to invoking such economic pressure in Europe.

The demands sometimes appear to suggest that Canada alone should embark upon the course of attempting to impose a blockade and hostile pressure upon the countries in question on the ground of their action against

third parties. In view however of its impracticality from an administrative viewpoint, its ineffectiveness and of the possible political consequences, it is hard to take this as a serious suggestion. At the last Session in the same speech of May 24, 1938, when dealing with the same proposal as regards Japan and Spain, the Prime Minister put some of the considerations as follows:

In the first place, it is erroneous to assume that metals such as lead, zinc and nickel are used only for armament purposes; quite the contrary is the case; the vast bulk of these three metals is used for industrial purposes, though it is of course true that when a country is at war, the industrial uses will be rationed and restricted. In any case, an embargo would be economically futile. It must be evident to anyone familiar with foreign trade that no system of administrative control which we could devise in peace time could hope to prevent Canadian nickel, lead, zinc, copper, aluminum, scrap-iron, and the rest, sold to purchasers in third countries, from reaching Japan. Once these commodities leave Canadian territory and enter into the commerce of another country, this parliament has not and cannot have any further control over them.

It is equally evident that, except in the case of nickel, of which Canada produces about 90 per cent of the world's annual production, this country has no monopoly, nor even an approach to a monopoly of production. There are, with respect to all these commodities, including nickel, other producing countries, alternative sources of supply, to which Japan, or any nation desiring to place an order, could easily turn. In addition to other sources of production, there are—and this aspect of the question is frequently overlooked—enormous stocks of all these metals readily available, stocks far more than sufficient to fill any possible Japanese demand. It is clear, therefore, that an embargo on the export to Japan of nickel, lead, copper, zinc, aluminum, and other commodities necessary to the production of war supplies, on Canada's part alone, would not achieve the ends proposed.

It seems plain the idea would be quite impractical without wide and carefully concerted international co-operation, particularly on the part of the Great Powers, while, for the practical reasons already indicated, the initiative in such a matter must be left to them.

One further consideration, and not the least important, would confront Canada in contemplating the idea of starting such a blockade or embargo alone. By hypothesis, as already seen, it would be hostile action taken against the countries in question for political reasons. It would be provocative and would entitle them to fight back by any means at their command. Canadians are doubtless entitled to provoke others so long as they are willing and practically prepared to take the consequences upon themselves. But in this case, because we are so far away and others are nearer, the provocation would be at the expense of others. Canada's political position as a member of the British Empire is such that the victims of our action would without doubt regard it as open to them to strike back at other members of the Empire. Whether they actually struck or not, the provocation would be there and the further straining of already strained relations, and the burden and risks of that consequence of our action, would fall mainly upon the United Kingdom and the other Dominions who are more closely concerned with the countries in question than Canada is. It may be confidently asserted that the Canadian people do not wish to countenance action having such a character.

In his speech of last Session the Prime Minister gave some figures to indicate the proportions of the trade in war materials. For convenience an extract from the speech is appended hereto marked D.<sup>1</sup>

Figures for the eleven months ended February 28, 1939, do not materially alter the proportions of the picture of last year; though there appears to have been a considerable increase in exports of asbestos to Germany and of aluminum and copper to Germany and Japan . . . .

940.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM B. 126      London, March 30, 1939

IMMEDIATE. MOST SECRET. My telegram of the 30th March, Circular B. 125.<sup>1</sup> Following for your Prime Minister, Begins: It may take some days before it will be possible to settle details of arrangement set out in my telegram Circular B. 123, March 28th<sup>1</sup>. Reports have, however, reached us (the precise value of which it is very difficult to estimate, but which it seems impossible wholly to ignore) that Germany is contemplating immediate coup against Poland. This course, it is said, is being urged on Hitler by Ribbentrop in reliance on his belief that the United Kingdom and France would take no action to support Poland and that failure to give support would alienate United States opinion from United Kingdom and France.

We have been considering what action can be taken to hold the position in the interim, bearing in mind especially consideration mentioned in latter part of paragraph two of my telegram Circular B. 122.<sup>1</sup>

We have come to the conclusion that our best course is, subject to consultation with France and Poland as described below, to make an immediate public declaration which would leave no doubt in the mind of the German Government that in the event of (admission?) by them, which Polish Government would feel obliged to regard as a threat to their independence and accordingly resist, Polish Government would receive full support of United Kingdom.

Declaration would make it clear that our policy is not directed against any legitimate aims or interests of German Government and, of course, would be so drafted as not to make it difficult for Germany to draw back without loss of face from any act of aggression (if such had indeed been contemplated).

His Majesty's Ambassadors at Paris and Warsaw are being instructed to explain above developments to the French and Polish Governments. French

<sup>1</sup>Non reproduits not printed.



Government are being asked whether they agree and are prepared to issue similar declaration simultaneously. It is being made clear to the Polish Government that any such declaration would be an interim measure designed to meet possible immediate threat.

Terms of proposed declaration are being considered here today and will be telegraphed as soon as possible. Ends.

941.

*Le sous-secrétaire d'État aux Affaires extérieures à A. A. MacLeod*  
*Under-Secretary of State for External Affairs to A. A. MacLeod*

Ottawa, March 31, 1939

Dear Sir,

With reference to your telegram<sup>1</sup> to Sir George Mounsey, an Assistant Under-Secretary of State at the Foreign Office in London, concerning the question of release of a number of Canadian volunteers who are nationalist prisoners, I may say that we are informed that "the difficulty which is at present delaying the release of Canadian prisoners is that General Franco is insisting on the release of an equivalent number of Italian prisoners by his opponents and that the latter are reluctant to release these Italians". It is added that "none the less every effort is being made by the British Consul at Valencia and by two members of the British Commission for the exchange of prisoners, to expedite an exchange".

Yours very truly,

O. D. SKELTON

942.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 25

Ottawa, April 3, 1939

I should be obliged if His Majesty's Ambassador in Spain could be instructed to inform the Nationalist Government in Spain that His Majesty's Government in Canada accord recognition to that Government as the Government of Spain.<sup>2</sup>

<sup>1</sup> Non reproduit not printed.

<sup>2</sup> Voir Décret du Conseil C.P. 803, 4 avril 1939.

See Order in Council P.C. 803, April 4, 1939.

943.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 26

Ottawa, April 8, 1939

I should be obliged if you could advise whether since the recognition of the Nationalist Government and the ending of the civil war in Spain, any legislative or administrative action has been taken in the United Kingdom to remove the restrictions imposed on travel, enlistment or export of arms to Spain.

944.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

DESPATCH 137

Paris, April 11, 1939

Sir,

The sudden decision of the British Government to guarantee the present frontiers of Poland, announced by Mr. Chamberlain in his statement to the Commons on March 31st and further elaborated in a statement of April 3rd, has met with the general approval of the press, and so far as one can judge, of the public opinion of this country. France has already a treaty of mutual assistance with Poland as well as with the U.R.S.S. [sic] and treaties of consultation in the event of unprovoked aggression with Roumania and Yugoslavia. For some time past, however, and particularly after Munich, a considerable section of opinion, influenced by the unexpected gravity of these commitments in the face of a re-armed Germany, on the one side, and an unreliable Poland and a weakened Russia, on the other, has been rather lukewarm with respect to them. As late as December last so influential a journal as "Le Matin" took the ground that Poland should be left to look after itself. This, indeed, was far from an isolated opinion and, as I pointed out in earlier despatches<sup>1</sup>, it also found its champions in the French Parliament. While no one could say what exactly would have been done if an attack on Poland had taken place, the Government took the position, in the debate in the Chamber in January, that France would resolutely carry out its treaty obligation. The new British commitment, with which France is officially associated in Mr. Chamberlain's statement, goes a good deal further than the earlier French undertaking since it is in no way limited by, or tied up with, the Covenant of the League of Nations. It cannot be doubted, however, that London's initiative has been welcomed by the French generally and that the pledge of British support in Eastern Europe has been received with a general feeling of satisfaction and, indeed, of relief.

<sup>1</sup> Non reproduites nel printed

2. A rather surprising feature of the situation, though I am unable to assess its significance, if any, is the fact that the French Government, usually touchy enough where questions of procedure and prestige are concerned, has made no declaration or any statement of any kind on its attitude with respect to the matter. Important journals, like "Le Matin" and "Le Journal", which are normally among the Government's strongest supporters, have not been particularly warm in their support of the new development. Moreover, it is natural to assume, since no announcement was made of it, that no invitation was issued to Colonel Beck, the Polish Foreign Minister, to stop at Paris to confer with the French Government while passing through France on his way back to Warsaw. I have waited for a few days to see if some statement or explanation of the French Government's view on so important a matter would not be forthcoming. So far, however, one would not know, if it were not for Mr. Chamberlain's statement of March 31st, what is the official position of France. Since that date, indeed, the original undertaking, with which France was officially associated, has been replaced by a bilateral understanding announced in the Commons on April 6th between the United Kingdom and Poland only. There can, of course, be no real doubt that in this new policy Britain will be sure of the complete support of France. What is unusual is the way France has remained so completely in the background in these negotiations.

3. It is not, I think, because France already has a treaty with Poland, for the present commitment is more direct. Nor is there, so far as I am aware, any divergence of view between Britain and France as [to] the urgency of guaranteeing Poland against German aggression. If, in the circumstances, I might hazard an opinion on such a difficult and delicate question I should say that, paradoxical as it may seem in view of their earlier treaties with Russia, the French are a good deal less disposed than the British to give general undertakings to assist other countries unless they can see that the security of France is directly menaced. I should say, also, that due to the much greater number of Communists in France than across the Channel, there is a much larger element in this country than in Britain reluctant to make common cause with the Soviets. At the same time the Socialist and Communist press, led by "Le Populaire" and "L'Humanité" insist that success is impossible without the assistance of the Soviets. Some other papers, notably "L'Intransigeant", urge that since Britain is taking the leadership in this new coalition she should introduce conscription without further delay. For these various reasons, I think, France is now well content to leave the conduct of the negotiations to Britain and to follow where she leads.

4. There is again a further point of view which should perhaps be mentioned. The French, more logical if less practical than the English, realize clearly that if the British guarantee to Poland puts an end to German expansion through the threat of force, it also puts an end to the policy of non-interference and carries with it the definite risk of precipitating a European

war. For obvious reasons this viewpoint is not emphasized in the press. It is, however, never very far from their thoughts and the better informed and more vigorous journalists, men, for example, like M. André Géraud and M. Henri de Kérilis, face up to it squarely. To the logical Frenchman it is almost too much to expect that the Fascist Powers, now for the first time definitely challenged in their programme of expansion, will sit still and allow Britain and France and the smaller Powers to complete their re-armament and build up a coalition against the Fascist programme.

5. I must say that I am inclined to attach some weight to this view. No one, of course, can foresee the future, but it is hardly likely that the totalitarian bloc will be considerate enough to wait till Britain and France have completed their re-armament. The totalitarian programme has now reached such a stage of development that to put a definite term to its further expansion undoubtedly carries with it the risk of precipitating war. Whether in its inception this would take the form of an attack on Poland, or on Roumania, Yugoslavia or Greece, if and preferably before the system of guarantees is extended to cover them, no one of course can say. I think it only fair to add that the comments in this paragraph are not intended as a criticism of Mr. Chamberlain's policy, with which I am in agreement generally in spite of the possibility of the unwelcome precipitation referred to above.

I have etc.

GEORGE P. VANIER

945.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 150

London, April 12, 1939

At meeting with Dominions' Secretary this morning, received following information supplementing that transmitted to you in Dominions Office telegrams.

Italian coup in Albania was planned before Anglo-Polish Agreement was announced.

Germans were irritated over shortness of notice they received.

Mussolini apparently most anxious that Great Britain should not denounce Anglo-Italian Agreement. Italian Chargé d'Affaires called four times on Sunday and Monday on Foreign Secretary to present personal messages from Mussolini, three of them conveying assurances regarding withdrawal of Italian troops from Spain, disclaiming intention to alter Albanian sovereignty et cetera. Notwithstanding these disclaimers Foreign Office have reason to believe Italian troops have arrived in Spain within few days and have had reports to the effect that Italian King to be proclaimed King of Albania.

Cabinet here apparently still reluctant to denounce Italian Treaty as its continuance offers some hope of Italian obligations still being met; British undertakings under terms of Treaty having been already fulfilled.

Opinion here profoundly stirred over Albanian coup. Government is being urged in some quarters to take drastic action, for example one well known independent member of Parliament privately urged British occupation of Corfu. No danger however of government being driven into any precipitate act.

As a precautionary measure the Mediterranean fleet has been assembled at Malta with the exception of two cruisers and some destroyers which have been sent to Alexandria. Military intelligence reports from Germany state that open leave for Army has been resumed. Twenty-five divisions have been moved from western Germany to eastern border, the bulk being concentrated on border opposite Cracow. The Poles have fifty divisions mobilized. It is reported from the same sources that there is no special military activity in Berlin and that there are at present no supplies of ammunition in eastern Germany of sufficient size to suggest large scale military operations.

MASSEY

946.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

April 12, 1939

#### THE NEW BRITISH POLICY IN EUROPE

The reversal of British foreign policy during the past few weeks has been so sweeping and so momentous that it is desirable to review some of the causes and the implications of this sudden change.

For the past eight or ten years the policy of the United Kingdom has been to avoid making commitments in advance, to prevent the organization of Europe into two or three opposing camps, to refrain from aid or intervention in any area or dispute not of immediate and vital concern to her own interests, and to try to localize or draw a ring around any conflict that did break out.

This policy was based on several distinct considerations. The people were anxious for peace and the rebuilding of Britain. The Governments of the thirties shared these views. They were also increasingly conscious of the changes in the strategic balance of power the war had brought, particularly the rise of the United States and Japan. In some governmental, press and business quarters there was a fear of Communism and a readiness to tolerate

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<sup>1</sup> De/by L. C. Christie.

or encourage the growth of the Fascist powers as a barrier to its development. Allied to this fear was the hope and expectation that German expansion would be turned against Russia rather than against the Western states, and if not, that Italy would be guided by her old friendship with England rather than by her new ideological ties with Germany.

This policy was manifested at every turn. There had been a commitment in the Locarno Treaty, but it was not an alliance so much as an impartial guarantee. While concerned with the Rhine, Britain had explicitly and emphatically declined to extend her guarantees to the Vistula. The League was accepted as an agency of mediation, not of organizing forces of war. Wars and slaughter in South America were not admitted to exist. When in the Manchurian affair the Japanese army took over control from the old liberal statesmen, Britain declined to lead a crusade against Japan; she could not safely take the offensive in the far Pacific, she was cool toward Washington, she believed Japan would remain her friend.

In Abyssinia, the same aloofness was broken down for a moment by the fervor of the Peace Ballot and the exigencies of winning an election, but the only consequence was a falling between two stools; Britain and France declined to apply enough force to stop Mussolini, and applied just enough to antagonize him, drive him into the arms of Germany, and start plotting in Palestine and Egypt, in Tunis and Morocco, and most effectively in Spain.

British armaments had been reduced to accord with the situation abroad and the detached role Britain had decided to play, though throughout her navy remained overwhelmingly dominant in European waters. True to her national instincts of compromise and preserving the balance of power by siding with the weaker against the dominant power, Britain showed more favor and forgiveness to Germany than France did, but was not sufficiently determined or clear in her policies to avert a renewed armaments race by permitting Germany the modest measure of rearmament she requested. Then came Hitler, and the new significance of the bombing-plane as its range and deadliness increased.

Spain was the hardest test of the policy of non-intervention. With all their faults, the Spanish Government stood for liberty and progress, stood against feudalism and fascism. It was clear that Italy and Germany had plotted and supported the revolt, clear that their object was not to fight Bolshevism, but to control the Mediterranean and enable them to cut at will British and French lines of communication. Yet Britain initiated and stubbornly persisted in a policy of "non-intervention", which really meant reversing accepted rules of international law by putting government and rebels on an equality and which rapidly became a policy of agreeing to shut one's eyes to obvious intervention. There was more in the policy than the desire to localize trouble, to avoid war. There was a hope that the conflict would end in deadlock which Britain could mediate, or, if in a victory for Franco, that he would then sorely need the money only London could supply. There was the belief that with the rise of German power and aggressiveness, it was

essential to detach Italy from her side, essential not to antagonize Mussolini again. And there clearly was in some high quarters a determining factor of class and social prejudice. So for over two years the Conservative party in England declared it was striving for peace by its policy in Spain, while the Labour party insisted England's military might and its very security were being jeopardized, and her prestige as a backer of free nations being irreparably damaged.

Czecho-Slovakia (September phase) was a more acute test than Spain. It was openly an international, not a civil conflict. There was no question that Germany was using the same tactics of agitation and falsehood that had served her in Austria. There was no question that France had built up and encouraged Czecho-Slovakia as the eastern bastion against German recovery. But when the plausible plea of self-determination was put forward, and it was clear that resistance to Hitler's demands meant war, Britain and France urged and ordered the Czechs to submit; and even in the week when war seemed a possibility, Britain held back France and both countries ignored and snubbed the Soviet Union.

Munich was hailed by Chamberlain and Daladier as a victory of reason over force, and the beginning of a policy of settlement of all European problems in a Four-Power conference. At the same time they were sufficiently aware of Hitler's arrogant and incalculable ambitions and of the weaknesses in their own defence which the crisis had revealed, to redouble their own armament efforts.

Meanwhile in England fierce controversy raged, for and against Chamberlain's policy of refusing to believe in inevitable wars or declare a preventive war, his belief that with patience and calmness the peoples, if not their rulers, could be brought together, and if the worst came, that Rome could be detached from Berlin. Eden and Churchill took up much the same stand as Liberal and Labour leaders. But Chamberlain refused to budge, even when Hitler and Mussolini made wild speeches or the Nazis shocked mankind with their anti-Jewish pogroms. The trend of bye-elections showed that the majority of his people were behind him. More arms, closer alliance with France, were his only concessions to the clamor.

It soon appeared that there was a division of opinion within the Government as well as outside it. Chamberlain's policy of appeasement was strongly backed by two out of the three of his colleagues who formed the so-called inner cabinet—the two ex-Foreign Secretaries, Simon and Hoare. It was increasingly doubted by the present Foreign Secretary, Halifax, and vigorously opposed by the dominant section of the Foreign Office.

The increasing influence of the latter forces was apparent in the famous telegram sent out from London to the Dominions and to President Roosevelt on January 25th.<sup>1</sup> Not only was Hitler planning further adventures; it was actually possible that he was planning to attack the western powers rather

<sup>1</sup> Voir le doc. 913; see doc. 913.

than follow the natural and reasonable course of pushing eastward to the Ukraine. He might attack Holland as a first step to attacking England, or Switzerland to turn the flank of France. His mental condition, his strange belief that it was he who had suffered defeat at Munich, the influence of fanatics like Ribbentrop and Himmler, the possible decision to meet doubts as to the loyalty of the army and people and the growing economic difficulties at home by plunging into a diversion abroad, all were held to support this forecast.

These apprehensions led to more detailed staff conversations with France, and readiness to make invasion of Holland or Belgium a *casus belli*, though incidentally both countries were somewhat sceptical of the danger and shy of being protected against it by any policy than their own determined neutrality. There was no thought of reviving the League system of collective security or of promises to or alliances with any of the eastern states of Europe. Britain's commitments were still emphatically limited to the Atlantic countries.

Then gradually the fears subsided. On March 7th, London cabled that while not underrating the latent dangers, they now considered that Hitler had for the time being abandoned the idea of precipitating an immediate crisis and while the Italian situation needed watching, recent Italian measures were not unduly alarming: (there were indications Italy might be contemplating direct intervention in Albania). From No. 10 Downing Street the word had gone out to the press to turn on the sunshine. For a week nearly every paper bubbled with optimism, and they found echo in Canada. Mr. Chamberlain summoned the lobby correspondents (Press Gallery) to tell them of his hopes for disarmament; Sir Samuel Hoare said he believed five men, Chamberlain, Hitler, Mussolini, Stalin and Daladier, with the blessing of Roosevelt, could by sitting down together transform the whole history of the world, build a five year plan of peace. On Monday, March 13th, a British Trade Mission left for Berlin, to discuss division of world markets.

Within a week, the policy of years has been completely reversed. The cause or occasion of this reversal was the second Czecho-Slovak crisis, Germany's ruthless and wanton breakup and occupation of what was left of that dour and democratic state. At first the Government minimized the situation. On Tuesday, March 14th, Mr. Chamberlain said there was as yet no unprovoked aggression warranting the application of the British guarantee to Czecho-Slovakia. On Wednesday morning, Germany announced a protectorate over the Czechs and the marching in of their troops. That afternoon Mr. Chamberlain said he would not make charges of breach of faith, but could not believe this action was contemplated at Munich; the separation of Slovakia had ended the guarantee obligations; the trade discussions with Germany would be suspended, and further payments on the £10,000,000 loan to Prague held up; but Munich was right; we must not be deflected from the aim of bringing about peace and understanding. However, press and public anger against Hitler kept mounting. On Friday night Mr. Cham-



berlain made his momentous speech at Birmingham, unreservedly condemning Nazi methods, asking if this meant an attempt to dominate the world by force: if a challenge were made to liberty, he would take it up; the issue must be considered by neighbouring states and states beyond Europe, but he was opposed to unspecified commitments. That evening came the Rumanian scare, and before midnight despatches had been sent to the eastern European states sounding them out on joint resistance to Germany. In rapid succession there followed, the plan for a Four Power declaration, the Polish-Rumanian proposals, and the offer of military aid to Poland if her independence were threatened. The British Government had committed the country, without previous announcement but apparently with overwhelming support, to organizing a Stop-Hitler bloc.

That the British Government should suddenly end its policy of trying to come to terms with Hitler and seek to build stronger barriers against future aggression was not at all surprising. Opinion in the country had been nearly evenly divided. Now, the persecution of Jews and Christians in Germany, the realization at last that London had placed its money on the wrong horse in Spain, and finally the cynical disregard of pledges, the naked reliance on force, the open demand for "living room" for the German people, that marked Germany's action in Czecho-Slovakia, turned the scale. It was clear that Hitler was more ambitious, more reckless, more dangerous than had been admitted, and that more effective steps must be taken to guard against a possible attack on the liberties of Britain. What was surprising was the overnight decision to seek that safeguarding by plunging into a policy of military alliances anywhere and everywhere in Eastern Europe, and equally surprising, the curious fumbling and lack of understanding of the European situation that marked the execution of the new policy.

To abandon the policy of no commitments beyond the area of direct British interest, to adopt in principle the policy of fighting preventive wars, was an abrupt reversal. Particularly surprising was the application of these new policies, the search for allies and the giving of pledges in Eastern Europe. True, it was there that Hitler had greatest likelihood of success in further penetration or aggression; true, if he succeeded in picking the eastern leaves of the artichoke one by one, he could then more effectively attack the central French and British core. But desirability was one thing, feasibility another. The question that British policy in these weeks presents is how did the Foreign Office come to believe they could build up a firm and effective alliance in the East, find reliable allies there, and give them effective aid?

It was not a promising field of action. From the Baltic to the Mediterranean stretched eight or ten small states, separated by the feuds of centuries, divided by race and religion. All were backward industrially. Not one was genuinely democratic. In many, a feudal class or a military dictator ruled over a people sunk in misery by force and arrogance. There was not one morally reliable statesman in all the men at the helm. Poland was strongest

in men and guns, but her people were divided and her Foreign Minister, Beck, was a notorious double-crosser. Beyond lay Russia, a natural foe of Nazi Germany, but weakened by the purges, angered by the complacent if tacit encouragement given Germany to expand in the Ukraine, and by British and French snubbing during the September crisis, and realistic enough to demand her price—and incidentally anathema to nearly all her smaller neighbours. Further, it was not clear how in fact Britain could effectively aid any of the countries to the east of Germany—the land passage being blocked by a solid Baltic to Mediterranean Fascist belt, the Baltic a German lake, and the Mediterranean a precarious sea; to the southeast Turkey could be helped; Greece doubtfully.

The initial efforts of London were not such as to inspire confidence. First came the sensational story from the Rumanian Minister of a German ultimatum demanding economic monopoly; within a few hours the Foreign Office had sent off telegrams to Warsaw, Bucharest, Athens, Angora, asking what would be their attitude. Within a few hours the British Minister in Rumania had reported there was not a word of truth in the ultimatum; it is not yet clear whether it was a dope-excited Minister in London or a too clever King in Rumania who was responsible for the story that pressed the Foreign Office buttons. And a day later every one of the governments consulted declared it could not indicate its policy without confirmation of the German action, and without indication of what Britain herself and other powers proposed to do.

Then on Sunday, March 19th or Monday, the 20th, the Government, after Cabinet consideration, launched its second move—an effort to secure, in the first instance, a Four-Power declaration by Britain, France, Russia and Poland, of intention to consult as to the steps to be taken to resist a threat to the independence of any European state. France, which has completely resigned all initiative these recent weeks, accepted. Russia agreed if Poland would, knowing, as Litvinov later admitted, that Poland would not accept, and further countered by proposing a conference. Poland was reluctant to defy Germany openly and unwilling to accept political or military co-operation with Russia. By March 28th, London admitted the Four-Power Declaration would not work; also that it had become clear that the attempt to consolidate the situation would be frustrated if the Soviet Union were openly associated; telegrams from abroad had warned that the inclusion of Russia would jeopardize the whole plan, consolidate the Anti-Comintern Pact and excite anxiety among a number of other Governments.

The third project was an approach to Poland and Rumania. Britain offered to help them retain their independence if they wished to resist, Poland to help Rumania and perhaps Rumania help Poland, and Poland to give reciprocal undertaking to help Britain or France if attacked by Germany or if making war on Germany to resist aggression anywhere in Western Europe or Yugoslavia; Russia to be looked to for at least benevolent neutrality.

Before this proposal could be fully considered, in fact two days later, March 30th, it was decided, in view of reports of an immediate threat by

Germany against Poland, to offer Poland an interim and unilateral guarantee of assistance if attacked and resisting.

Meanwhile Poland had been coming nearer to making terms. The reasons are not yet clear; she and France denied any knowledge of an immediate threat, and she was evidently prepared to make some concessions in Dantzig and the corridor, in fact had initiated conversations with Germany to that end. But evidently there was some ground of fear of German intentions, perhaps a minorities campaign, sufficient to bring Beck off the fence: at least partly off. In London he agreed to an interim and also a permanent reciprocal arrangement of aid in event of a direct attack on either party, but was not prepared without instructions to offer aid to Britain or France if they made war on Germany as a result of her attacking a small western power, or join in a Rumanian pact, or have any dealings with Russia. As to Russia, Litvinov on April 1st declared it was fed up on the British rejection of its proposals, did not believe Britain was in earnest, and would accordingly stand aside.

The British Government is committed to the Eastern policy. It will doubtless make further efforts; if Poland stands firm, other countries may come in, though already the Italian push in Albania had had the obvious effect of deterring either Yugoslavia or Greece from joining any Anglo-French bloc. But thus far the Government's efforts have yielded little result, in fact have only served to confirm the evidence of German domination in Eastern Europe. Mr. Chamberlain said a few days ago, in discussing these consultations, that he was not going to show his cards for the present; in reality, he apparently should have said he had lost his Spanish and Czech cards, and did not know what other cards he had or who would be his partners, but would bid a grand slam all the same. Or to vary the metaphor, it's not a case of swopping horses when crossing a stream, but of jumping off the Appeasement horse and finding the Eastern Alliance horse isn't there.

It is quite possible that the next few days will bring more success. Effort is being concentrated on Russia. If the small countries become more fearful of Germany, they may swallow their objections to Russian co-operation. Without such co-operation neither England nor France nor the United States can do much in *Eastern Europe* (the *Eastern Mediterranean* is a different proposition).

It is difficult to believe that the Foreign Office were wholly unaware of the probable attitude of eastern powers. They may have overestimated the possibility of changing that attitude by telling them that London would be behind them, or may have succumbed to the demand in England "to do something", or, in some cases, have desired to burn the bridges to any future conciliation with Germany. Or they may have concluded that war was absolutely inevitable, and poor partners better than none, and an ounce of help worth a ton of commitments. There is, however, another possible explanation for the course that was adopted so rapidly and with such publicity. It may be that the gesture was made to *Washington* as much as to *Warsaw*.

It will be recalled that in the Dominions Office telegram of March 30th, advising of the decision to offer Poland an immediate one-way guarantee, in order to meet the rumoured threat of a German coup against Poland, it was stated that this course was being urged on Hitler by Ribbentrop in the belief that the United Kingdom and France would take no action to support Poland and that failure to give support would *alienate United States opinion from the United Kingdom and France*. Further, the rumours in question, which later France and Poland said were not confirmed, and which Massey reported were not impressive and were contradicted by the British Military Attaché's information, had been received from journalists and the *American Embassy at Warsaw*.

These casual references illustrated the new deference that is being paid in London to United States opinion. The people of the United States are more opposed to Nazism than the people of the United Kingdom. They are more genuinely democratic, more sentimentally sympathetic, more volatile and given to hundred per cent waves of emotion, and more irresponsible with the Atlantic instead of the Channel between them and Hitler. They are not, however, in spite of a considerable change of front in the past year, prepared to abandon their policy of North America first, and fight with Hitler. The President apparently is. He genuinely believes great issues are at stake, he is not unaware of the value of a diversion from troublesome domestic difficulties, and he has a very big slice of the Teddy Roosevelt readiness to run the world. This attitude was shown in his quarantine speech last year, but did not find favour. After Munich the President was more convinced than ever that Hitler had to be stopped and that with Chamberlain and Daladier falling down on the job, it was up to him to do it. Hence the calling back to Washington of the American Ambassadors at London, Paris and Berlin; the favouring of French and British airplane orders, the talk to Senators, later denied, about first line of defence on the Rhine, the pressure for revision of the Neutrality law, and the strong Roosevelt-Hull-Ickes-Welles attacks on Germany—and, incidentally, not on Italy. It is clear the British were anxious to regain the good opinion in the United States they had lost at Munich, and anxious to show Roosevelt that they are prepared to act with vigor, in some direction or other.

A question of special importance to Canada is whether there was any consultation in advance of these momentous changes in British policy. In brief, the answer is that there was *no consultation* in advance; there has thus far been *no consultation* after the event; and there has been practically *no information in advance*, though ample *information after the event*:

*March 14:* British Ambassador in Berlin instructed to deplore German action. (Canadian Government advised by telegram of March 15, Circ. B. 94<sup>1</sup>).

<sup>1</sup> Non reproduit not printed.

*March 15:* Mr. Chamberlain's speech in the House regretting the shock to confidence of this action contrary to the Munich spirit, but expressing hope for peace by understanding, was cabled same day, after it had been delivered. (March 15, Circ. E. 1<sup>1</sup>).

*March 17:* Further regretful protest to Berlin reported after instructions sent to Ambassador. (March 18, Circ. B. 102<sup>1</sup>).

*March 17:* Speech of Mr. Chamberlain at Birmingham, foreshadowing change in policy, not communicated at all, before or after. (It was of course made at Birmingham, not in the House, but was a statement of Government policy.)

*March 18:* Rumanian Minister reports ultimatum and Foreign Office *has made* inquiries of Polish, Turk, Greek and Yugo-Slav attitude.

*March 19:* Cabinet *have decided* to continue above inquiries, also in Moscow: terms to be communicated later. (Information of both above sent *after* Cabinet discussion, on March 19, Circ. B. 103<sup>1</sup>).

*March 20:* Cabinet *have decided* to seek Four-Power Declaration by France, Poland, Soviet Union and Britain, and instructions *have been sent* to Ambassadors accordingly (March 20, Circ. B. 110<sup>1</sup>).

*March 20:* Halifax speech in House of Lords: (no report before or after).

*March 28:* French and British Governments *have agreed*, in view of failure of Four-Power Declaration project, to approach Polish and Rumanian Governments on alternative plan, and instructions to Ambassadors *have been* drafted accordingly. (March 28, Circ. B. 122<sup>1</sup> and 123<sup>1</sup>).

*March 30:* French *have agreed*, and representatives at Warsaw and Bucharest have been directed to act accordingly. (March 30, Circ. B. 125<sup>1</sup>).

*March 30:* Reports of German attack on Poland. We *have concluded* best course is to make public declaration of intention to support Poland, and *are instructing* Ambassadors in Paris and Warsaw to discuss (March 30, Circ. B. 126).

*March 31:* French and Polish *have expressed* agreement with declaration in general form (March 31, Circ. B. 127<sup>1</sup>).

*March 31:* Mr. Chamberlain's statement in House: *have given* Poland assurance of support. (March 31, *after* statement made, Circ. E. 5<sup>1</sup>).

*March 31:* Before statement made, Halifax discussed it with Russian Ambassador in London (April 1, Circ. B. 120 [*sic*-130<sup>1</sup>]).

<sup>1</sup>Non reproduits not printed.

*April 6:* Statement made in House by Chamberlain re Polish Conversations (April 6, *after* statement made, Circ. E. 7<sup>1</sup>).

*April 3-6:* Discussions concluded with Polish Minister; agreement on partial reciprocal guarantee. (Sent on April 6, *after* conversations over, Circ. B. 136<sup>1</sup>).

Text of final conclusions which *were reached* with Beck. (April 7, Circ. B. 139<sup>1</sup>).

*April 9:* Britain *has informed* France she will support Greece if attacked by Italy. (April 9, Circ. B. 144<sup>1</sup>).

947.

*Déclaration du Premier ministre remise  
au chargé d'affaires des États-Unis*

*Statement by Prime Minister given to  
United States Chargé d'Affaires*

Ottawa, April 15, 1939

At a moment of supreme concern, the President has acted with characteristic initiative and courage. His frank and realistic message is directed to the leaders and the peoples of two great European countries<sup>2</sup>, but it is of vital interest to the people of every country. It gives the world a chance to halt on the brink of catastrophe.

The very fact that the danger is diffused, that there is no single issue, no one point of tension, has made it difficult to deal with the present situation. Now, the head of a great country, who appreciates what a conflict in Europe might come to mean to mankind, has brought the whole problem into sharp focus. He has presented an opportunity to all of sitting round a friendly table, where every grievance can be discussed frankly, and the readiness of each country, whether in Europe or outside it, to make its contribution to peace and understanding, can be tested. In offering to join in the discussion of the disarmament and economic questions which lie at the root of so much of the world's unrest, the President has made a vital contribution in advance.

Mr. Roosevelt offers a peace conference before a war instead of after it. No country can lightly reject that opportunity of saving civilization and saving itself.

Canada welcomes the timely action of her good neighbour, and fervently hopes that it may meet with the response which the gravity of the situation demands.

<sup>1</sup> Non reproduits/not printed.

<sup>2</sup> L'Allemagne et l'Italie/Germany and Italy.

948.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 158

Ottawa, April 19, 1939

Sir,

I have the honour to refer to your despatches Nos. A. 45 of the 23rd of February<sup>1</sup> and A. 73 of the 28th of March<sup>1</sup> transmitting enquiries you had received regarding the possibility of settling some of the Spanish and Catalan refugees in Canada. The proposals submitted in your despatches have been taken up with the Immigration Branch of the Department of Mines and Resources who hold out little prospect of admitting any of these unfortunate people.

They point out that even those of the refugees who are farmers by training would not be suitable for settlement on the land in Canada. Their life in a warm climate, and training in subtropical agriculture, would not fit them for such opportunities as might otherwise be found in this country. Furthermore, the problems of dealing with refugees from central Europe are straining the facilities of our Immigration services, and prevent them from attempting to deal with refugee movements from other parts of Europe.

With regard to the suggestion put forward in the fourth paragraph of your despatch of the 23rd of February regarding the possible establishment of an informal advisory committee which would act as a clearing house for applications for admission to Canada from persons of particular eminence and distinction in scientific and cultural spheres, I am informed by the Immigration authorities that they do not think such an organization would serve any useful purpose, and might, indeed, by encouraging the filing of applications from all classes of cases end as an additional embarrassment to the Government's difficulties in handling the refugee problem.

I have etc.

O. D. SKELTON

949.

*Le ministre en France au secrétaire d'État aux Affaires extérieures  
Minister in France to Secretary of State for External Affairs*

DESPATCH 160

Paris, April 21, 1939

CONFIDENTIAL

Sir,

I have the honour to inform you that yesterday, in the course of my official visits, I called on the Polish Ambassador. M. LUKASIEWICZ is a

<sup>1</sup> Non reproduites not printed.

young man of about 40, quiet in manner, smartly dressed, who leaves an impression of efficiency and strength. He was calm, even optimistic about the immediate future and spoke quite frankly about the German-Polish relations. He did not think that Hitler would press matters with Poland to the point of war. He considered that if Great Britain had not appeared upon the scene when she did, the situation might have deteriorated very quickly and seriously. But even if Great Britain had not given a guarantee, the Poles would have defended themselves to the bitter end.

He stated that the Agreement between Great Britain and Poland included Danzig and the Polish Corridor; although these places were not specifically mentioned, they were covered by the words: "in the event of any threat direct or indirect to the independence of either" (country).

He thought that it would be possible later to come to some arrangement with Germany concerning the status of Danzig and communications through the Corridor. At the present time, the atmosphere was hardly conducive to negotiation. In any event, conversations which took place would have to be on a basis of complete equality without the accompaniment of threats.

He could see no difficulty to a German road being constructed through the Corridor but without the granting of any extraterritorial rights. As far as Danzig was concerned, Poland would not tolerate a German *anschluss*. If Germany tried to take possession of Danzig forcibly or attacked the Corridor, war would result.

He said that there were no other concessions which Poland could make.

Although he was optimistic as far as actual war was concerned and did not think that Hitler would start hostilities with Poland, even for political reasons, he was very pessimistic about the economic future of Europe.

He added that Ribbentrop might have thought before the English Guarantee that England would not fight, but now it was not conceivable that he could hold the same opinion.

M. Lukasiewicz stated that the Poles realized that Great Britain in the event of war could not help them extensively at the beginning but it would be a long war and, in the end, the moral forces in the world would be victorious.

I have etc.

GEORGE P. VANIER

950.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DISPATCH A. 94

London, April 28, 1939

Sir,

I have the honour to refer to the message addressed by the President of the United States to Herr Hitler and Signor Mussolini on April 15th. It is



obviously impossible to attempt any prophecy as to the ultimate results of President Roosevelt's message, particularly before Herr Hitler has made his address to the Reichstag in reply to the President. The most that can be attempted at the present time is a summary of press opinion in this country with regard to President Roosevelt's appeal.

2. The President's message was made public at a time when the people of this country were in a mood of what can be fairly described as fatalistic resignation to the inevitability of an early war. The message, with its refusal to accept this inevitability stirred public opinion to a momentary revival of hope, but subsequent developments have, I think depressed people's spirits again.

3. While there were variations in the chorus of praise with which President Roosevelt's message was greeted by the British press there was no mistaking the general tone of approval and even of enthusiasm which it evoked in this country. The Prime Minister's official statement welcoming the message was echoed almost unanimously by the press. Nevertheless, this enthusiasm did not necessarily imply any very deep-rooted belief in the practical effectiveness of the President's move. The real cause for jubilation over the message was not allowed to appear on the surface although it was clear enough in private conversation. The message was in reality welcomed more as an indication that the United States was moving closer to this country in the face of German menace than as a contribution which was likely to have fruitful results for the peace of Europe. It is rather as a prospective ally than as a potential peacemaker that the people of this country regard President Roosevelt.

4. This is hardly to be wondered at. The British have witnessed the failure of their Prime Minister to reach a compromise with Herr Hitler which might save the peace of Europe. They are not disposed to place much hope in the possibility that President Roosevelt will be more successful than Mr. Chamberlain in inducing the Fuehrer to abandon force in attaining his objectives. This reservation, however, very naturally does not appear on the surface of newspaper comment, as the last thing the British press wish to do is to appear to be pouring cold water on President Roosevelt's suggestion.

5. Some newspapers are more inclined than others to emphasise the fact that the United States in its own interests is moving towards the side of this country and that it would be fatal to the interests of the United States if England were defeated in a war with Germany. "The Sunday Times" says: "Mr. Roosevelt realises that America would be fighting, if fight she did, not for Great Britain and France, but for democracy. She would be fighting, too, for herself. His keen eye sees behind the isolationist veil. He realises that what America most prizes—her freedom, her toleration, her pursuit of the works of peace, her preference for industry and progress over war and conquest—have only been possible while there were great European nations defending those ideals in Europe itself. He knows that she could not

eventually stand if they fell; any more than Great Britain could stand if France fell". "The Observer", in an article headed "America's Own Cause" takes the same line.

6. "The Times" takes up the point that the message is addressed only to the rulers of the two particular nations who seem most likely to provide aggression, and adds that a general appeal to all nations would have nothing more than "a benevolent generality". "The Times" adds that the President has protected the United States from any political entanglement by the distinction which he draws between the problems, common to all civilization, in the solution of which the United States will gladly lend a hand and those "political problems of Europe" which, President Roosevelt suggests, might be undertaken simultaneously by Governments other than the United States. "The Daily Telegraph and Morning Post" points out that President Roosevelt's message has the whole-hearted approval of Australia, New Zealand and Canada as well as of the South American Republics.

7. The most pessimistic article regarding the President's message which I have seen appears in the "Birmingham Post" of April 17th. This newspaper points out that acceptance of the President's proposal would imply loss of face by the dictators and that, furthermore, President Roosevelt's invitation, if it were taken seriously by the totalitarian powers would at once deprive the completely militarist autocracies of the advantage of that preparedness which they have purchased at so high a price.

8. The reluctance of the smaller continental nations to admit that they are positively threatened by Germany, and the hostile reception given to the President's message in the German and Italian press have dispelled any unthinking optimism which may have existed as to the effect of the appeal in modifying the policies of the Axis. But the value of the President's intervention at this stage is by no means underestimated in this country. It is appreciated as the strongest moral statement that has yet been made of the position of the democracies, and it is valued as significant evidence of United States support for those democracies most exposed to aggression.

I have etc.

VINCENT MASSLY

951.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 178

London, May 1, 1939

My telegram No. 132, March 28th, Canadian prisoners in Spain. Foreign Office tell us strong representations have been made to Spanish and Italian

authorities with regard to release of remaining 16 British and Canadian prisoners. Spanish authorities assured British Embassy that 10 of these prisoners will be released in the immediate future. 6 remaining are regarded by Spanish authorities as civil prisoners and not prisoners of war. British Ambassador asking for details of charges against them.

MASSEY

952.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 102

London, May 2, 1939

CONFIDENTIAL

Sir

With reference to your Confidential despatch No. 16 of the 19th January, regarding the treaty obligations between Canada and the former Austrian State, I have the honour to state it has been noted that His Majesty's Government in Canada have decided not to make any communication to the German Government for the time being on the general question of the treaty position arising out of the incorporation of Austria in the German Reich.

2. The exchange of notes between His Majesty's Government in the United Kingdom and the German Government of 6th May-10th September 1938, copies of which were enclosed in my Circular note No. 25 of 4th February,<sup>1</sup> was intended to be merely declaratory of the existing legal position, and the position is presumably the same between Germany and Canada, or any other part of the British Commonwealth to which the treaties mentioned apply. A separate exchange of notes on the part of Canada would appear, therefore, only to have the effect of affirming as regards Canada a view similar to that which has already been placed on record in respect of the United Kingdom and accepted by Germany. This would also appear to be the position as regards the Anglo-German Extradition Treaty of 1872, which was specially mentioned in your despatch under reference.

I have etc.

T. W. H. INSKIP

<sup>1</sup> Non reproduite not printed.

953.

*Le ministre aux Pays-Bas au secrétaire d'État aux Affaires extérieures*  
*Minister in The Netherlands to Secretary of State for External Affairs*

DESPATCH 25

The Hague, May 3, 1939

CONFIDENTIAL

Sir,

I have the honour to inform you that recently I had the privilege of a lengthy personal conversation with Dr. H. Colijn, the Prime Minister of Holland. Of particular interest was the frank exposition of his views on the existing international situation.

2. Dr. Colijn expressed his conviction that there was no likelihood of any direct military attack by Germany on either Belgium or Holland. This opinion was based on the following considerations:

(a) The German Government are well aware of the difficulties involved in any occupation of foreign territories containing an unwilling population. The experiences in Belgium during the war are well remembered; and Germany is, even today, faced with the problem of its occupation of certain non-German sections of Czechoslovakia.

(b) Germany is now, on its western frontier, well fortified by the famous Siegfried line, which offers a supposedly invincible line of defence. Any attempts to extend its frontier beyond this line would naturally project its territory into areas lacking this essential safeguard and mean the advance into unfortified terrain difficult to defend, and offering a wide front bound to be vulnerable in some parts. To hold such foreign territory would immobilize thousands of men.

(c) Germany is largely dependent for its food supplies on foreign imports. It cannot therefore jeopardize this dependence by creating a situation resulting in cutting off its communications and sources of supply from neighbouring European countries.—As one instance, Germany consumed in 1938 over 564,000 metric tons of wheat per month, of which some 157,000 metric tons per month had to be imported. With a population of now approximately 80 millions, Greater-Germany cannot afford to lose its outside sources of supply by provoking belligerent embargoes.

(d) Already Germany is faced with economic distress of considerable magnitude, resulting in the necessity of entering into trade agreements with as many countries as possible rather than of antagonizing them and thus losing its means of subsistence.

(e) While the German Government appear to be using the threat of war to maintain a condition of anxiety in Europe which usefully serves their purpose towards coercing other Powers to enter into trade agreements or other concessions, Germany, in fact, has war material which is now older than that of France, Great Britain and some other major Powers, e.g. in tanks, aeroplanes, artillery and other mechanised equipment; in addition, it is insufficiently supplied with petrol. Germany, moreover, lacks such facilities as the other major Powers possess, for replacing obsolete equipment or supplementing its deficiencies.

3. Dr. Colijn's further views, which have subsequently been similarly expressed to me by the Polish and Rumanian Ministers, were that, if any new military attacks are to be made by Germany they would most probably be made in the direction of Poland or Rumania, rather than towards the west.

As for the first, however, it seems improbable that any attack would be made on Poland,—firstly, because that country cannot be taken by surprise at the present time, and secondly, because Poland is defended by a first-class trained army which has been systematically and intensively developed over a period of the past 17 or 18 years.

As for the second possibility, an attack on Rumania would seem to be unlikely, owing to Rumania's alliances, and the Rumanians' determination to defend themselves. Not only would this make any attempt of Germany to enter Rumania exceedingly difficult, but it offers no clear prospect of any advantage thereby to be gained by Germany. I have been informed that the Rumanians, rather than submit, would burn their wheat crops and destroy their oil wells, and such a loss—requiring one or two years for their restoration by a conquering Power,—would bring no immediate economic fruits of victory to any avaricious invader.

4. Neither Poland nor Rumania are expecting any direct military assistance from Soviet Russia in case of war, except for the possible supply of some munitions and war materials. For obvious reasons, these two countries would not welcome any Soviet army co-operating within their territories. The attitude of the U.R.S.S. [*sic*] in any general war remains extremely problematical.

5. As regards Italy, the opinion has been expressed to me that Germany does not entirely trust its Italian ally. The Italian conquest of Albania has been interpreted to me by several diplomatic colleagues as being a precaution taken by Italy against Germany in the Balkans and as a further safeguard against suspected German ambitions in the south, towards the Adriatic, or towards the Mediterranean.

6. Finally, Dr. Colijn clearly stated to me that the military precautions recently taken in Holland itself have been mainly intended to show to the

Dutch people that the Government would not allow any foreign Power to use the Netherlands territory as a battleground; and to make clear to foreign Powers, especially Germany, that the Dutch will not willingly open their doors to any invader. Dr. Colijn stated in private what he has stated on various occasions in public, that the policy of Holland is to preserve rigorously its independence and neutrality, by combining a policy of good neighbourliness with the appropriate internal measures of self-defence.

I have etc.

JEAN DÉSY

954.

*Mémemorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

May 5, 1939

The Chinese Consul-General, Mr. Chao-Ying Shih, called on the Prime Minister today for the first time since his appointment.

In the course of conversation Mr. Shih said that he would later like to enquire if any pressure could be brought to bear on Canadian shippers of scrap iron to Japan, requesting them to stop shipments.

I told Mr. King that we had had under consideration for some time proposals somewhat in this line and in fact had a draft letter prepared for his consideration. The United States had brought pressure upon United States manufacturers of aircraft and munitions to prevent them shipping to Japan. They had, however, not taken any similar action with regard to raw materials, which were much more difficult to handle. The letter we had prepared was in the form of an enquiry in the first instance as to future contracts.

955.

*Le secrétaire d'État aux Affaires extérieures au délégué permanent [SDN]*

*Secretary of State for External Affairs to Permanent Delegate [L. of N.]*

DESPATCH 45

Ottawa, May 5, 1939

Sir,

I have the honour to refer to the Secretary General's circular letter 24 (d). 1939.V. of March 3rd<sup>2</sup> asking for information regarding the intention of the Canadian Government in respect of the ratification of certain conventions concluded under the auspices of the League of Nations. In this

<sup>1</sup> De/by O. D. Skelton.

<sup>2</sup> Non reproduite/not printed.

connection, I should be grateful if you would inform the Secretary General that the Canadian Government does not for the present intend to recommend ratification of the following conventions:

Protocol of an Amendment to Article 16 of the Covenant, September 27, 1924.

Protocol of an Amendment to Article 16 of the Covenant, September 21, 1925.

Declaration regarding the Territory of Ifni, Geneva, June 17, 1925.

Protocol Relating to Military Obligations in certain cases of Double Nationality, The Hague, April 12, 1930.

Special Protocol concerning Statelessness, The Hague, April 12, 1930.

The Government has not yet decided whether it will recommend ratification of the following conventions:

Protocol Relating to a certain case of statelessness, The Hague, April 12, 1930.

Protocol for the Amendment of the Preamble, of Articles 1, 4 and 5, and of the Annex to the Covenant of the League of Nations, September 30, 1938.

I have etc.

O. D. SKELTON for the . . .

956.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 192

London, May 9, 1939

IMMEDIATE. SECRET. Telegrams received by Foreign Office yesterday and today from Budapest and Berlin refer to indications of understanding reached between Germany and Russia. That from Berlin states reports there suggest above understanding may express itself by non-aggression pact between the two countries. This telegram mentions as significant the fact that German press comment on appointment of new Soviet Foreign Commissar has not been unfriendly.

On the other side there are telegrams from Warsaw and Moscow. One quotes Polish official satisfaction at improving relations between Russia and Poland, a second from Moscow refers to a satisfactory interview between British Military Attaché and Voroshilov. Also telegram from Seeds, who interprets Molotov's questioning attitude at interview of May 8th as indicative of desire for information rather than intention to conceal possible

change of front. At the same time feel myself that Molotov's lengthy questions might suggest desire to establish a position which would justify the Soviet altering policy.

957.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 109

London, May 10, 1939

Sir,

I have the honour to bring to your attention a telegram received by the Foreign Office yesterday from the British Ambassador in Washington, which is, I think, of great interest. I venture to bring it to your attention in case its contents are not communicated to you direct.

2. Sir Ronald Lindsay brings to the attention of the United Kingdom Government the advisability of making clear at once the final political objectives of the United Kingdom Government if by some unhappy chance they are forced into war. This, according to Sir Ronald, is of paramount importance from the point of view of its effect on United States opinion. He then goes on to make certain suggestions as to what any statement of this kind should contain. In his view the United Kingdom Government should from the beginning of war make it very clear that they are looking forward to the building of a new order out of the destruction which would undoubtedly be caused by this war. For that reason it should be made plain that the mistakes of the Versailles period would be avoided and that the lessons of those mistakes have been learned. In fact, according to the British Ambassador, it should be emphasised that any new war would mean not a return to, but a final destruction of the Versailles system. In other words any new peace settlement would be written on a clean sheet. Such a settlement should emphasise the desirability and necessity of peaceful change (based on something like Article 19 of the League Covenant) as well as of freeing international trade. The economic policy pursued in recent years by Mr. Hull should be an important item in any British war objectives, together with the political and cultural independence of small States.

3. At the same time Sir Ronald Lindsay points out that great care must be taken in the issue of any such declaration, so that it will not appear to be designed for the sole purpose of bringing influence to bear on American opinion.

I have etc.

VINCENT MASSEY



958.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 29

London, May 12, 1939

Your telegram 3rd April, No. 25. His Majesty's Ambassador at San Sebastian notified Spanish Government on April 15th of recognition accorded by His Majesty's Government in Canada.

959.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

DESPATCH A. 114

London, May 12, 1939

Sir,

I have the honour to refer to my previous despatches regarding British foreign policy in the present disturbed political situation in Europe. During the last week the most important developments have been in connection with the negotiations now being carried on between the British Government and the Government of the U.S.S.R. with the object of arriving at an agreement for joint action in the case of aggression by Germany against Poland or Rumania.

2. As you are aware, the British Government, after undertaking its new obligations to Poland and Rumania, suggested to the Soviet Government that the latter should make a unilateral declaration stating that if the United Kingdom and France became involved in hostilities in fulfilment of their new obligations, the Soviet Government would come in against the aggressor if requested. The Soviet Government countered this suggestion by an anti-aggression scheme which, as Mr. Chamberlain said in the House of Commons on May 10th, is "at once more comprehensive and more rigid." The British Government, while rejecting this wider plan for collective security, are continuing the negotiations with the U.S.S.R. for a more restricted arrangement.

3. The reluctance of the British Government to accept either a military alliance with Russia or a system of pacts with smaller European states in which Great Britain, France and the U.S.S.R. would be associated is attributable to three causes. First of all, the Polish and the Rumanian Governments have indicated the impossibility of their accepting a guarantee from

the U.S.S.R. Their attitude in this matter is determined not only by fear that acceptance of a Russian guarantee would be looked upon by Germany as an aggressive act on their part, but also by suspicion of Russian intentions and by their fear of the disastrous effects on the social structure of their countries of the presence of Soviet troops in their territories. These Polish and Rumanian objections apply to some extent not only to acceptance of a guarantee from the U.S.S.R. but to a conclusion of an Anglo-Russian military alliance; for in the latter contingency it would become clear that effective military assistance to Rumania and Poland in a general war could only be rendered by the U.S.S.R., as British and French action would probably be concentrated in the West. While it is true that, in any event, if the U.S.S.R. were to join on the side of Great Britain and France in a general war she would doubtless render military assistance in the first place to Poland and Rumania, Polish and Rumanian objections seem principally directed against the prior and public recognition of this situation. There have been indications in recent days that the Polish Government's objection to receiving aid from the U.S.S.R. is weakening in the face of the deterioration of Polish relations with Germany. According to reports from the British Ambassador in Warsaw, however, in the interview which took place between M. Potemkin and Colonel Beck on May 9th, the latter, in reply to M. Potemkin's enquiry regarding the possibilities of Russo-Polish co-operation, reaffirmed the attitude that Poland must do nothing which could be regarded by Germany as an excuse for aggression.

4. Apart from the necessity for considering the position of Poland and Rumania before concluding any military alliance with Russia, the British Government have also had to consider the position of a number of states which have not, so far, adhered either to the anti-Comintern Pact or to the new non-aggression front which is being built up in Europe. These states include the Scandinavian bloc, the small Baltic states, Poland, Belgium, Switzerland, Spain, Yugoslavia and Bulgaria. It is felt in London that to form a direct military alliance with Russia might have the effect of driving some of these states into the arms of the Axis Powers.

5. Moreover, there is still at least a backward glance at the possibilities of "appeasement" on the part of the British Government and they are particularly anxious to avoid any action which might irreparably alienate Italy, as the possibility of effecting an eleventh-hour separation between Germany and Italy has not yet been entirely abandoned. In this connection the recent conclusion of an Italo-German military alliance has been discouraging, although it is widely discounted as being merely a formal recognition of a state of affairs which has long been in existence.

6. One must not omit from this analysis of the factors which have dissuaded the British Government thus far from entering into a closer agreement with the U.S.S.R. the persistent suspicion of Russia in official and business circles here, and the widespread British reluctance to align themselves on the side of communism in an ideological war between communism and fascism.

7. The delay in achieving an Anglo-Russian agreement has occasioned criticism of the British Government not only in this country but also abroad. Official circles in France and even more emphatically in Turkey are anxious to see the conclusion of an agreement at an early date. The French press is almost unanimously anxious for an acceleration in the tempo of the negotiations, the newspapers of a Leftist political persuasion being in favour of the conclusion of a military triple alliance between France, the U.S.S.R. and Great Britain. In Germany and Italy the long drawn out negotiations have given an opportunity for propaganda to the effect that the whole British policy of building up a peace front on the Continent is destined to failure.

8. In this country, too, the press has revealed a growing impatience with the slowness of the negotiations. This impatience has deepened into anxiety as a result of the sudden resignation of M. Litvinoff from the position of Commissar for Foreign Affairs. As a persistent advocate of collective security M. Litvinoff's disappearance from Office at this juncture has given rise to some anxiety. "The Yorkshire Post" in an editorial on May 5th bewails the loss of M. Litvinoff and strongly criticises the Government for not arriving at an agreement with the U.S.S.R. After commenting on the possibility that M. Litvinoff's resignation may portend a change in the policy of the Soviet Union in the direction of neutrality, the liberal "News Chronicle" goes on to say, with regard to the delay in the Anglo-Russian negotiations, "The British Government's hesitation is certainly responsible in great part for the delay and we trust that it will now push ahead with greater vigour and energy in that direction."

9. "The Times", on the other hand, while deploring wild and premature speculation as to the effect of M. Litvinoff's resignation on Russian policy, has supported the Government in their reluctance to conclude an alliance with Russia. The following quotation from "The Times" editorial of May 4th is typical of the position taken by that journal, "The British Government are understood—and in this they have the support of at least the largest proportion of public opinion—to wish to avoid aligning themselves in an ideological front. Nor indeed does it appear to be desirable that there should be such a triple alliance with France as would finally divide Europe into rival armed camps—whose antagonism could only end, as it ended in 1914, in Armageddon. But there are points of contact between the British and the Russian Governments which make co-operation for the specific purpose of resisting aggression both natural and desirable."

10. M. Litvinoff's resignation and the divergence of views between the British and Russian Governments which has emerged in the course of negotiations have given rise to a crop of rumours regarding the possibility of a German-Russian rapprochement. These rumours have reached the Foreign Office from Rome, Budapest and other European capitals. It is possible to argue that they are borne out by the silence of Herr Hitler, regarding Russia, in his speech on April 28th, and also by the comparatively moderate tone of the German press in referring to Russia, and the Russian press in referring

to Germany, which has been noticeable in the last week or so. On the other hand, the Government of the U.S.S.R. have reaffirmed to both the British and French Governments that the resignation of M. Litvinoff does not affect the foreign policy of the Soviet Union. There is, of course, the possibility that rumours of a Russo-German agreement are being put about by Soviet agents with the object of frightening the British Government into accepting the Soviet proposals. This hypothesis is rendered less probable by the fact that the rumours appear to have originated in quarters not likely to be in touch with the Soviet Union. The alternative possibility is that these rumours originated from Germany and are designed to breed an atmosphere of distrust which will adversely affect the Anglo-Russian negotiations. While the British Government appear to be satisfied from the attitude of the Soviet authorities that no agreement of this sort does, in fact, exist between Russia and Germany, it is quite on the cards that more may be heard of this rumour.

11. Two developments have occurred in the Anglo-Russian negotiations in the last few days. A communiqué was issued in Moscow on May 9th by the official Tass Agency, giving the main points of the British proposals for an anti-aggression alliance. The significance of the publication of this communiqué is by no means clear. The communiqué emphasises that the British proposals do not include a reciprocal guarantee to Russia in case she should be attacked by Germany, should Russia be involved in a war when fulfilling [*sic*] pledges undertaken with regard to other Eastern European states.

12. The most plausible interpretation of this communiqué is that Russia desires to see the expansion of a joint Anglo-French-Russian system of guarantees to the Baltic States. She may also desire to secure a reciprocal guarantee of her own territories, at least in European Russia, from Great Britain.

13. The publication of this communiqué necessitated a reply on the part of the British Prime Minister and Mr. Chamberlain on May 10th said in the House of Commons that assurances had been given by Lord Halifax to Mr. Maisky that it was not the intention of the British Government that Russia should find herself committed to intervention unsupported by France and Great Britain. It has also been pointed out to the Soviet Government by the British Ambassador in Moscow that as Russian intervention is not contemplated until after the British and French Governments have decided themselves to intervene, there can be no danger of Russia being isolated.

14. While these explanations of the British position are convincing as far as Russian intervention on behalf of Poland and Rumania is concerned, they reveal the divergence between the British and Russian Governments. The Soviet Government clearly desire joint guarantees to the smaller Baltic States. Not only are the British Government reluctant to commit themselves to such an arrangement, but the Baltic States themselves, and

particularly Finland, have indicated their own reluctance to accept the overwhelming embrace of the Russian bear. In this connection the British Minister to Finland reports that the Government of Finland have made it very clear that a Russian guarantee would be completely unacceptable to Finland.

I have etc.

L. B. PEARSON for the . . .

960.

*Le secrétaire, le haut commissariat en Grande-Bretagne  
au sous-secrétaire d'État aux Affaires extérieures*

*Secretary, High Commission in Britain  
to Under-Secretary of State for External Affairs*

London, May 12, 1939

Dear Dr. Skelton,

It is some weeks now since I have been able to find enough time on a Friday before the zero hour, 5.20 p.m., to write you. Stanton was away on leave; then Mayrand (who returns from Constantinople Monday), so that has made my share of the work of the Office somewhat larger than usual. However, I will reverse that situation, possibly, during the summer when I may be in Canada—while they remain here. If my plans work out, we will all four be sailing on June 30th by the "Duchess of York". But it is difficult to be sure of plans so far ahead in this time of what M. Daladier called yesterday "war without battles".

But even if I shouldn't make Canada, I have at least the satisfaction of knowing that the King has done so. Mr. Massey gave a small dinner for him the Tuesday before he left—and both he and the Queen insisted they were really looking forward to this journey with great eagerness and pleasure! This was the first occasion on which I had broken bread with Royalty and you will be glad to know I came through the ordeal unscathed, with my republican virtues unimpaired.

We seem to be in a bit of a lull at the moment, until Herr Hitler makes up his mind about his next move. The lull certainly does not extend to the diplomatic front, however, which has, as you know, been feverishly active. I don't think there can be any doubt at the moment where this country stands. They have certainly abandoned appeasement as a policy, if not as a procedure. There was a good deal of suspicion that the "Times" initiative a couple of weeks ago in its "Danzig is not worth a war" leader, with the carefully selected and prominently displayed correspondence which followed, presaged another "retreat to Munich". If that was ever meant to happen, the feeling aroused must have destroyed its possibility. Even the "Times" itself had to explain away any such intention, on the same day that a stiff letter from "Astor" appeared on its leader page.

There is, of course, a certain amount of uneasiness, that is probably too mild a word, at the prospect of fighting for Danzig when Czecho-Slovakia was sacrificed. But there is fairly general recognition now that Danzig is only an incident, the spot where the line was drawn; that retreat from Sudetenland meant loss of Prague and that retreat from Danzig would mean the loss of Warsaw.

And yet "official circles" remain careful about procedure even though policy is pretty daring and rash. It sometimes surprises me that while Mr. Chamberlain makes the most vital, attacking moves without hesitation, he is anxious to observe the proprieties in so doing. It's the old public school spirit at work!

An interesting light was thrown this week on the punctilious care of the Government not to offend Germany and Italy by little things, while directing heavy howitzers at them. You will remember the telegrams<sup>1</sup> we sent you on the instructions sent to the Ambassadors in Berlin and Rome to point out (as coming from the Government) to military and Court circles, British determination to resist an attack on Danzig; and the suspension of those instructions, apparently as provocative. Now today's messages seem to indicate that they have been modified so that, while the Ambassadors are at liberty to give the message as coming from themselves, it should not be put formally as coming from the Government.

The just-announced Anglo-Turkish arrangement is also interesting in this connection. There was official reluctance at first to convert this into an Anglo-French-Turkish arrangement on the ground that it might give more ammunition to the encirclement argument. When this point of view was put before the new British Ambassador in Rome, Sir Percy Loraine, he was straightforward and almost caustic in his comments. He wired back at once that while two bi-partite arrangements might be more popular in Rome than a tri-partite one, he didn't see why any particular effort should be made to sugar-coat the pill for Italian consumption, when the Italians and Germans were determined, no matter what the British might or might not do, to use the bogey of encirclement for their own purposes. His argument was that this being the case, no minor concessions in matters of procedure were likely to make any difference, while on the other hand minor concessions of this kind might very well weaken the deterrent effect of the action taken. Why not get the best of at least one world, argued Sir Percy Loraine. As a result, apparently, of his despatch, the British agreed to the tri-partite declaration; but it appeared that the Turks did not—as they still had one or two things to settle with the French.

I am not very happy about the way the telegrams are being summarized and sent to the Dominions these days. Last week I felt they didn't give a very accurate picture of the contents as received, and, with Mayrand back next week, we are going to keep a close check on the information received at the Foreign Office and that sent out by the Dominions Office. This may mean

<sup>1</sup> Non reproduits/not printed.

sending a few telegrams of our own, but I think you will agree that might be worth while—even if Their Majesties make it impossible for anyone to have the time or inclination to read them!

I hope they all won't be as startling as the one we sent this week on the "German-Soviet alliance". The fact that these reports—which came in from various quarters—caused so much perturbation in certain quarters is, I suppose, an indication of the success of the Nazi policy of keeping our nerves upset. But with Hitler and Stalin controlling our destinies it's not safe to ignore even the most startlingly improbable reports. The incredible of yesterday can become the normal of tomorrow without too much difficulty these days. Opinion is now evenly divided as to whether the reports in question were "planted" by the Nazis or the Bolsheviks.

I apologize for this letter—but it was done in a very great hurry.

L. B. PEARSON

961.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

DESPATCH 125

London, May 17, 1939

Sir,

I have the honour to refer to your telegram No. 26 of the 8th April, enquiring whether any legislative or administrative action has been taken in the United Kingdom to remove the restrictions imposed on travel, enlistment or export of arms to Spain.

2. The International Committee for the Application of the Agreement regarding Non-Intervention in Spain at its thirtieth meeting on the 20th April adopted a resolution, which was published, by which the Governments represented on the Committee agreed that every such Government should be released, as from that date, from the following obligations:

(a) The obligation by which, under the Agreement regarding Non-Intervention in Spain entered into in August and September, 1936, each Government had agreed to prohibit the export to Spain, to the Spanish Possessions, or to the Spanish Zone in Morocco, of certain classes of arms and war material;

(b) The obligation by which, under a Resolution adopted by the International Committee on 16th February, 1937, each Government had agreed to prohibit their nationals from proceeding to Spain, to the Spanish Possessions, or to the Spanish Zone in Morocco for the purpose of serving in the Spanish conflict as foreign volunteers;

(c) The obligation by which, under a Resolution adopted by the Committee on 8th March, 1937, each Government had agreed to

afford certain facilities for the operation of the Plan for the observation of the Spanish Frontiers by land and sea, and in particular to impose certain duties upon the Owners and Masters of ships having the right to fly the flags of their respective countries.

3. A copy of an announcement issued by the Board of Trade in pursuance of (a) above is enclosed, and of an Order-in-Council passed on the 5th May revoking the Merchant Shipping (Carriage of Munitions to Spain) Act, 1936. Such action as is necessary in respect of (b) above will be taken in due course. As regards the action taken in connection with (c) I would invite reference to the Merchant Shipping (Expiration of Enactment) Order-in-Council, 1939, copies of which were enclosed with my Circular despatch B. No. 37 of the 29th April, 1939.<sup>1</sup>

I have etc.

T. W. H. INSKIP

962.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général d'Allemagne*

*Under-Secretary of State for External Affairs  
to German Consul General*

Ottawa, May 17, 1939

Sir,

I have the honour to refer to Dr. Granow's letters of the 22nd and 24th of March relative to the coming into force, as from April 1st, 1939, of legislation bringing the former Federal State of Austria and the Sudeten German areas within the customs territory of Germany. The Canadian Government have taken note of the request of the German Government that the terms of the Provisional Trade Agreement and of the Payments Agreement, concluded between Canada and Germany on October 22nd, 1936, should be regarded as applicable to the customs territory of Germany as defined in the new Customs Act to which Dr. Granow's letters refer. They are prepared, for their part, to concur in this construction of the application of the provisions of these Agreements. At the same time they desire to reserve their right to review the allocation of foreign exchange as between the various commodities enumerated in the Schedule to the Payments Agreement in the light of the changes in economic conditions and terms of trade resulting from the enlargement of the German customs territory.

I have etc.

O. D. SKELTON

<sup>1</sup> Non reproduite/not printed.



963.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 209

London, May 18, 1939

SECRET. My telegram No. 198, May 11,<sup>1</sup> British Ambassador at Berlin, in accordance with instructions on May 16, informed German Secretary of State of British determination to implement guarantee to Poland if compelled to do so by German unilateral action in respect of Danzig or the corridor.

State Secretary replied that he did not envisage any developments for several months, during which Poland might have an opportunity of reflection. The only immediate danger he saw was in respect of Polish frontier incidents. He urged that British Government should induce Poles to demobilize some of their troops and to take more moderate attitude. British Ambassador replied that Polish mobilization was result of Germany's treatment of Czechs and evidence of Polish determination not to submit to the same fate.

Reports from Rome and Berlin indicate that Anglo-Turkish Agreement has been severe blow to axis Powers.

MASSEY

964.

*Le chargé d'affaires au Japon au secrétaire d'État aux Affaires extérieures  
Chargé d'Affaires in Japan to Secretary of State for External Affairs*

DESPATCH 141

Tokyo, May 18, 1939

Sir,

With reference to my despatch No. 123 of May 5th<sup>1</sup> relative to the Japanese press and official attitude to the current European political situation, I have the honour to advise you that the possibility of the inclusion of Japan in a military alliance of the anti-Comintern Powers now appears to be remote, provided no unexpected major development transpires to precipitate such a move.

2. Although the statement of Prime Minister Chamberlain in the House of Commons on April 19th to the effect that the anti-aggression pacts were to be extended to the Far East (which would involve Anglo-Soviet cooperation directed against Japan) provided stimulus in certain quarters for urging Japanese participation in the suggested military alliance, the subsequent

<sup>1</sup> Non reproduits/not printed.

apparent failure of Anglo-Soviet negotiations to produce an agreement for military cooperation in the Orient has relieved this pressure.

3. On May 8th, the day following the announcement of the Italo-German military alliance the Foreign Minister in addressing the Prefectural Governors' Conference reviewed the "spectacular advance" of the axis and stated that "it is the intention of the Empire to strengthen further the anti-comintern pact with Germany and Italy, and to cope with the tense international situation from its own autonomous standpoint". He continued that "An entente between Great Britain and the Soviet-Union could not be treated lightly by Japan" even if it did not apply to the Far East. Mr. Arita further stated that "it is the belief of the Empire to form a new order in East Asia hand in hand with Manchukuo and a newly risen China is the sole road to the restoration and prosperity of East Asia and to world peace. This construction of a new order in East Asia is nothing other than fulfillment of Japan's historical and racial mission. . . ."

4. The reported proposal of the Japanese Government to mediate between Germany and Poland is described by Asahi "a new step taken by the group of anti-communist Powers in the arena of international affairs." It probably should be regarded merely as a gesture of friendship between Japan and Germany (perhaps to offset suggestions that friction had resulted from Japan's refusal to join in the proposed military alliance despite strong pressure from Germany) rather than as a serious suggestion for mediation, in view of the fact that the speech made by Dr. Joseph Beck before the Sejm on May 5th received violent criticism from the Japanese press (which is regarded as frequently governmentally inspired), and it is regarded as improbable that Poland would give any serious consideration to such a proposal emanating from this source.

5. I am transmitting herewith copies of the report appearing in the Japan Advertiser of May 8th of the Foreign Minister's speech to which reference is made above.

I have etc.

E. D'ARCY MCGREER

965.

*Le haut commissaire en Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Under-Secretary of State  
for External Affairs*

London, May 19, 1939

SECRET AND CONFIDENTIAL

Dear Dr. Skelton,

I am to-day sending you by Bag despatch No. A.120<sup>1</sup> dealing with the European situation and in particular with the course of the Anglo-Soviet

<sup>1</sup> Non reproduite/not printed.

negotiations. This despatch is based in part on secret telegrams received by the Foreign Office from British diplomatic representatives abroad. My own view is that despatches based on this secret material supplied to us by the Foreign Office should not in the interests of secrecy be distributed to other diplomatic missions but should be treated in the same way as Foreign Office Prints. I therefore propose in future to mark any despatches of this character "Secret and Confidential".

I hope that you will think this arrangement a satisfactory one, as it is obvious that by making use of the Foreign Office telegrams in this way it will be possible to keep you supplied with much fuller information as to the course of British foreign policy than is divulged in the telegrams sent out by the Dominions Office.

Yours sincerely,

VINCENT MASSEY

966.

*Le sous-secrétaire d'État aux Affaires extérieures à A. A. MacLeod*  
*Under-Secretary of State for External Affairs to A. A. MacLeod*

Ottawa, May 30, 1939

Dear Mr. Macleod,

With reference to your telegram of enquiry of the 1st April to Sir George Mounsey at the Foreign Office in London, concerning Canadians included in the exchange of prisoners held by General Franco, I may say that the Foreign Office, who have referred your inquiry to us, state that all possible action has been taken to expedite the release of the Canadian prisoners by General Franco and that most if not all of the Canadian prisoners have now been released.

I am informed from other sources that 32 Canadian prisoners were released from Spain on April 5 and that two more were released on April 27 or 28.

Yours sincerely,

O. D. SKELTON

967.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

CONFIDENTIAL

June 1, 1939

THE PROPAGATION OF ALLIED POLITICAL AIMS  
IN THE EVENT OF A GENERAL EUROPEAN WAR

1. By a recent paper one of the officials of the British Government recommends that if they are forced into war they ought to state clearly at once their final political objectives. His recommendation is made with particular reference to the problem of influencing the people of the United States.

<sup>1</sup> De/by L. C. Christie.

2. This recommendation is of considerable interest. It illustrates afresh how seriously the possible imminence of a general European war is taken as well as the more comprehensive scope and faster tempo of advance preparation in all directions today as compared with 1914—the increasing drive of circumstances toward “total war” for all peoples liable to be engaged for whom the issue may be vital. It also, of course, testifies to the significance attached to propaganda exertions themselves and to the importance of cultivating the United States field. It is of special interest in that the deeper they get into the propaganda problem the more concretely the European Governments will be driven to look beyond the postulated war and attempt some kind of picture carrying closer definitions of the actual practical consequences—a picture which to date seems singularly absent from the unfolding series of declarations and counter-declarations which nowadays appear to convey the mind and feeling and intention of Europe to the rest of the world, or at all events, to this part of it.

3. If the two sides in Europe take to armed fighting, undoubtedly their propaganda services will become extremely active toward the three kinds of minds each of them will have to try to penetrate—the minds of the home people, the minds of the enemy peoples, and the minds of the neutral peoples. For the communication of information and ideas they will command physical mechanisms and devices of a considerable variety and efficiency. What to communicate will be the real problem upon which their Governments will have to give these services their lead. As regards the neutral field, and particularly the United States sector more immediately in question, there seems good reason to believe that the European rulers will find it no easy task to lay down and maintain the strategy and general lines of their campaign.

4. In the first place, leaving aside the Axis Alliance, the lead will have to be given not simply by the British Government alone. The initial declaration or declarations of the war aims, as well as their sequels throughout the conflict, will presumably have to be issued on the agreed and combined authority of the “Grand Alliance” of Britain, France, Soviet Russia (if she ultimately joins) and such satellites, like Poland, Rumania, Greece and Turkey, as enter the coalition or acquire some sort of voice by contributing armed support.

5. The paper mentioned in paragraph 1 suggests certain points for inclusion in the declarations, with a particular view to the effect upon the people of the United States. The Governments should “from the beginning of the war make it very clear that they are looking forward to the building of a new order out of the destruction which would undoubtedly be caused by this war”. Thus, it should be made plain that “the mistakes of the Versailles period would be avoided”; that “the lessons of those mistakes have been learned”. It should be emphasized that “any new war would mean not a return to, but a final destruction of, the Versailles system”. “In other words,

any new peace settlement would be written on a clean sheet". Also, such a settlement should emphasize "the necessity of peaceful change, based on something like Article 19 of the League Covenant".

6. Following these large abstractions there are lumped together two or three points which perhaps have some colour of the concrete and specific—namely, the "freeing of international trade"; Mr. Hull's economic policy; and "the political and cultural independence of small states". If the broad generalisations are to be taken as defined and limited by instances of this order, it is hard to see here any great difference from the actual approach of 1914-18 to Versailles.

7. But for present purposes it is worth while taking the abstractions a little more seriously. They appear to have already a fairly wide currency in the United States as a statement of what is desirable and among some at any rate of the Allied peoples also. The peoples of the Axis countries, too, say they want "a new order" for Europe and an end of the "Versailles system and period". If there really exists a wide popular consensus of this character, the European rulers laying down the lines of war propaganda will eventually have to face what such notions actually involve. While war propaganda is always devoted primarily to winning the victory and only secondarily to the subsequent peace settlement and aftermath, so that a certain latitude between promise and prospect of performance has to be counted on; yet if the gap appears too wide the appeal loses effect, particularly among those not already irrevocably committed to the battle of arms. These have to be more sceptical and rigorous in their cross-examinations. They will have to ask each other, as well as the belligerents, what in reality the various professions of war aims mean, and then, whether they happen to be predisposed to take them as sincere or not, they will have to go on to ask the much more rigorous question whether the promises represent a practically workable thing—whether the rulers of Europe can really be expected to be able to bring off the new European order in question by the methods and instruments at their hands to which they are bound.

8. What would the statement of objectives recited in paragraph 5 really involve if the Grand Alliance were victorious and seriously undertook to carry it out? Recalling some of the main features of the "Versailles system and period", it could fairly be said that the road to the "new order" of Europe would have to take in something like the following. It could not be by way of a settlement carrying long-term punitive and crippling measures against the enemy, with meticulous provision for a long-term Allied armed hegemony over Europe following the hostilities; and it would therefore have to mean something entirely different in these respects from the scheme of the Versailles Treaty and League of Nations. It could not mean a dictated "new order" for Europe but only one actually negotiated with the enemy. The negotiators would have to see to it somehow that the lines of the settlement and "new order" were not dominated by the strategic considerations familiar to the existing European regime of sovereign states; nor by

such things as "nationalism", political and economic, or 'self-determination", or the "re-Balkanisation of Europe". As regards disarmament, they would have to make some new kind of approach on a political basis and a physical scale quite different from what historically has accompanied the existing European inter-state system. All secret bargains struck on both sides to buy allies or support in the war would have to be re-examined and subordinated. As for "peaceful change", no mere verbal recognition of the principle, as at Versailles, would begin to meet the case. The creators of the "new order" for Europe would have to produce some adequate and workable device to meet on time the changing facts and experiences of European life and society. They would have to invent and set up some actual political mode of procedure intelligible and agreeable to the peoples of Europe which in the light of the political experience and knowledge of mankind could fairly be calculated as capable of solving such fundamental problems by orderly, political processes. And it would have to be such as to carry the assent and co-operation of the Germans, Italians and other peoples of vigorous political ideas. It would mean a structure of European society without special alliances and ententes within its four corners. Again, in further contrast with Versailles, the peoples of the United States and the rest of the non-European world, if they had become involved, would have to keep their hands off and avoid dictating to Europeans the lines of their "new order".

9. The point could be laboured at great length, but it appears impossible to see how anything comprehending these things could be brought off through some mere attempt to manipulate the existing political organisms of European life and society by diplomatic devices like those of previous generations or like that which our own generation has seen in operation at Geneva. If it is to be taken seriously, what is suggested for Europe would be in substance and historic perspective something completely revolutionary and could be achieved only by the willing adoption of new political inventions and processes which would themselves have to be nothing less than revolutionary and organic in their real character. It must be apparent how difficult and perplexing will be the task of the directors and servants of the war propaganda of the Grand Alliance if and when they really confront their task of persuasion.

10. As already suggested it would be beside the point to impugn the sincerity of the aspiration in question. What will have to be asked more and more is whether, as a practical matter, the present rulers or their successors can really be expected, by the institutions to which they are bound, to be able to achieve the aspiration and build the "new order" of Europe. It is proposed to declare to the world that "the lessons of the mistakes of Versailles have been learned". It may be accepted that a number of rulers and other leaders themselves realise the defects and their catastrophic consequences, but the hypothesis here appears to be these cannot be corrected except by the method of another general European war, the

implication being that the leaders cannot carry their peoples otherwise. It is of course a drastic educational method. But the practical question here is, given such a war, considering how the minds of the peoples concerned will have been conditioned by the unimaginable catastrophe [*sic*], the unforeseeable incidents and political upheavals, the hatreds engendered, and so on, can it be imagined that the education will proceed in the idealised direction? Is it to be expected that the ensuing scene can be managed along the lines suggested, or that European assertions of intention and capacity to do so will be accepted by the rest of the world, and continue to command respect and confidence throughout the conflict? Will the scene represent a "clean sheet" or a fabric livid with exhausted energies and hardened passions?

11. In many countries a certain body of thought has now for a good many years held that to bring about their "new order" in the politics of the state they must first have some drastic internal breakdown but that they can then ride the storm and upon the ruins build and permanently operate the new ideal structure according to plan. The translation of this notion of breeding Order out of Chaos into terms of the European inter-state situation appears to involve even more arrogant pretensions to omniscience and capacity. It may be that the real question will become, Can any group of man [*sic*] foresee the lines and outcome of such a catalysm? It will doubtless be a "new order" of some sort, but how much attention should be paid to those who say they can describe it now and produce it then? Is the operation in question nowadays an essentially blind plunge? If the directors pretend otherwise, how long will faith in their declarations survive? The existing European scene of "war without battles", or the "war of nerves", as it has been called, presents many qualities, such as the accelerating and bankrupting but apparently unmanageable armament programs, which many men and leaders there frankly recognise and describe as fantastic. If a new European order minus the "mistakes" of the past is to be planned and brought about, one condition at least would seem to be the planning of some equally new kind of propaganda, something far removed from 1914-18 and before. Of this there appears to be no sign, and there is little in the present scene to suggest the prospect of any such thing. The propagandas may come to occupy a rank in the realm of fantasy even higher than they do today.

12. In the long view—both for the sake of the delegates at the Peace Conference (if such becomes the form of procedure) and for the sake of the post-war period—if the war in question comes, it might perhaps be best that the rulers should ask for a "doctor's mandate", simply saying their objective was to beat the enemy and hold on to what they have; while, for the rest, going no further than to say they would in that event contrive to do their best for all concerned in the face of the then existing conditions. Such a line would be too much to expect. The more elaborate promises offer immediate advantages at home, against the enemy and among the neutrals which cannot be forgone, however much they may compromise the tasks of the future.

If this war comes it must therefore be anticipated that, through the resources of the Great Powers of Europe commanding the technical facilities of the present day, the propagandas, already running in considerable volume, will grow into a spate of vast proportions, constituting probably the most concentrated and sustained assault upon the human mind yet experienced, all of it necessarily directed to the primary aim of victory at arms and only secondarily to the claims of the future.

13. If it is true that what the suggested European declaration here in question taken seriously contemplates is nothing less than a revolutionary change in the life and structure of European society, from another perspective it may perhaps be said with some validity that the European society—and for that matter, the Asiatic as well—had already in fact for decades been living through a revolutionary, transitional period, some changes already visible, the prospect of further change certain, the large outcome still far from intelligible, the capacity of existing institutions to cope with all this in any orderly way extremely precarious. The propagandas would then be but a further symptom of such a condition of affairs. If the revolutions could be imagined as manageable with something of the merciful slowness of many processes of nature, the propagandas in turn might take on a less corrosive and disruptive nature. But those seeking to bring the European society under some kind of orderly management appear to confront a schism or variety of schisms of that continent growing wider and deeper, with symptoms which seem daily more and more fantastic. The body of doctrinaire thought which sees cataclysm and ruin as the first condition of bringing off the "new order" now appears to be reinforced by the mood of those who, out of sheer nervous feeling, are reacting into the idea, "Let's get it over with". The groups who stand for order and yet recognise the necessity for change have so far been unable to penetrate and measure in agreement what new dominating conditions have in fact arisen in European life. So that, unless such an unprecedented consensus can somehow be achieved and a breakdown avoided, the lines of change will sooner or later have to be submitted to a catastrophic and unpredictable trial of arms—barring perhaps some breakdown from internal political stresses on one side or the other; though of course that in itself could not be regarded as assuring an orderly solution. Short of such breakdowns, the only mechanisms for attempting a solution are those of diplomacy. In the present situation some kind of mediation is called for, and it now appears to be true that the sole remaining Power or institution or agency equipped with the resources for such an operation and likely to be acceptable to both sides is the Vatican. What is to come out of the Vatican's present efforts remains to be seen.

14. But whether the change is to proceed slowly or catastrophically, we are obviously confronted by a state of affairs where those outside the European society, who cannot expect to shape measurably the lines of its change or to shape them wisely or for the permanent good of the peoples of Europe, had best, so far as they can measure and control their own action, keep



their hands off. This is easier said than done, and not the least of the reasons is the stream of propaganda which is already flowing in great volume from Europe and will continue to flow for as long as we can look forward to. Upon all neutral peoples and upon all non-European peoples, if the armed conflict comes, this stream, doubtless carrying something of the "totalitarian" characteristics increasingly imposed upon the main protagonists in their other warlike preparations and activities, will play with redoubled intensity. It will be carefully organised toward them; while they, on the other hand, will be unlikely to be organised to meet it. It would be highly difficult and novel for them to think of how to organise themselves in this respect. If they are to hold a position to safeguard their own interests, perhaps the most to be hoped for is that they should be assisted to exercise some discrimination in accepting or endorsing the various assertions, to preserve as far and long as possible the attitude of scepticism merited by the occasion, and for every large abstraction or generalisation to seek the fullest detailed specifications that may be practicable. They would have to try to keep it in mind as perhaps the safest lesson of their own century that the ultimate outcome of such human conflict, when the dust has all cleared away, is likely to bear little relation to its avowed objects. The existing attitude of the Small Powers of Europe itself, particularly those who appear to have some measurable chance of avoiding vital entanglement, is not lightly to be ignored. In view of their general intelligence and long experience on the spot it is entitled to great respect. It is not such an attitude as to justify those responsible for the welfare of other peoples in gambling at all on the outcome of the Great Power governance or institutions or civilisation of Europe, or in treating its processes with anything but the most whole-hearted reserve and the most complete scrutiny of which they are capable.

968.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 219

London, June 1, 1939

With reference to Circular B. 202<sup>1</sup> from Secretary of State for Dominion Affairs, the Prime Minister of the Union of South Africa has communicated the following observations to the High Commissioner for the information of the Government:

Regarding the alliance between England, France and Russia about to be concluded, and the significance already assigned to it by the axis Powers,

<sup>1</sup> Non reproduit/not printed.

the Union Government feels that unless something further is done to show that the position taken up by Great Britain and her allies has as its chief object no other but that of frustrating any attempt at domination by Germany and Italy and of maintaining the peace of Europe in a spirit of international justice and equality, the new alliance may before long be the cause for a general European conflagration. They are therefore very glad to note from the Secretary of State's telegram that "some consideration has been given to the possibility of making, when the time is ripe, a statement of positive proposals for removing the causes of disagreement between the Powers." Such a statement will be of great assistance in the attempt to maintain the peace. It will, however, not suffice for the purpose indicated above. They feel that the time has come for a renewed attempt at a peaceful settlement of all outstanding claims and grievances with the axis Powers.

That President Roosevelt has not succeeded in his endeavours should not be taken as proof that through the medium of negotiations such as indicated by him, this great object cannot be achieved.

Under the exceptional circumstances, both of a personal and an impersonal nature, and with passions in Germany and Italy running high at the time, it was hardly to be expected that proposals coming from the President in the manner they did for settlement by discussion and negotiation of the issues at stake would be calmly and judicially entertained.

Since then, moreover, circumstances including relative strength of (word omitted) have changed and crystalized to what may be looked upon as final stage of preparation for conflict. Before such a catastrophe should be allowed to take place, it seems to His Majesty's Government in the Union of South Africa to be incumbent upon every European Power earnestly to strive after peace and to make final efforts for achieving it without the intervention of war. Substitution of such a peace endeavour can only be entertained in so far as it envisages and strives after something more than a mere temporary respite from war. It should contemplate a sincere and thorough revision and removal of all honest and genuine wrongs and grievances between Powers concerned to such an extent that if successful the nations of Europe will for the future feel themselves secure against aggression.

General Hertzog feels compelled to give expression to his conviction that opportunity offering itself at this stage for a settlement of international relations in Europe on a broad and generous basis which will ensure a lasting peace between its nations may not occur again for long years to follow if ever. For not only have stumbling blocks, placed in the way of European appeasement by Treaty of Versailles, been swept out of the way almost completely, but those which still remain can be removed by peaceful negotiations. The general situation too in Europe today which has been brought about by removal of those stumbling blocks is such that if relations of nations of Europe be stabilized at this stage upon position as it is by a genuine appeasement among the Great Powers there is nothing to prevent peace of Europe being placed upon a basis of permanency that will last for generations

and will afford necessary conditions for establishing and regulating international relations in Europe in the future in conformity with the rule of law instead of being left to chance of war.

The Government of the Union therefore sincerely hopes that His Majesty's Government in the United Kingdom may see their way to renew before it is too late their endeavour to avert war by peaceful negotiation.

MASSEY

969.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 227

Ottawa, June 8, 1939

Sir,

I have the honour to acknowledge your despatch No. A. 125 of the 26th May,<sup>1</sup> summarizing the recent negotiations between the British and Russian Governments for the formation of an agreement in the event of aggression.

The growth of popular feeling in the United Kingdom in favour of an alliance with the Soviet Union is as remarkable as the acceptance of the Government's sudden decision to make far-reaching commitments in Eastern Europe. It is in one sense an inevitable result of that decision. There has been no published evidence to indicate that in making that decision the Government realized the military necessity of securing Russian assistance to make the guarantees to Poland and Rumania feasible, or realized, on the other hand, the political difficulties of reconciling Eastern European opinion to the acceptance of Russian aid. Whether or not this situation was realized in advance, it must soon have become clear that an alliance with Russia was essential if the new policy was to be firmly carried out, and that the pledges to Poland and Rumania having been openly given before any effort had been made to line-up the Soviet Union, the latter country would equally clearly be free to name its own price for an alliance. In spite of the recent difficulties raised by Moscow, there appears ground for believing that an alliance can still be formed if the British Government are prepared to adhere firmly and irrevocably to their policy of Eastern European commitments.

I have etc.

O. D. SKELTON for the ...

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<sup>1</sup> Non reproduite/not printed.

970.

*Le secrétaire d'État par intérim aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Acting Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 228

Ottawa, June 8, 1939

CONFIDENTIAL

Sir,

I have read with much interest your despatch No. A. 109 of May 10, 1939, bringing to my attention the communication to the British Government which recommends that if unhappily they are forced into war they should make clear at once their final political objectives, particularly from the point of view of the effect upon United States opinion. This is a matter which, in the event in question, seems bound to reach great proportions and to produce intense activities. I am enclosing, for your information, a copy of a departmental memorandum of June 1, 1939, on "The Propagation of Allied Political Aims in the Event of a General European War", dealing with the subject-matter of your despatch, from the standpoint of experience gained in one Peace Conference that sought to make the world safe for peace and democracy.

It is an extraordinary illustration of the lack of constructive capacity in all countries today that so able and conscientious a man as Sir Ronald Lindsay appears, from your despatch, to accept the blind drift to war as inevitable, and is more concerned about building up for propaganda purposes a promise of constructive action after a war, when every passion will have been intensified and the resources of civilization wrecked, than about attempting to avert a war by making one-tenth of the effort and the concessions that would be necessary afterwards to attain the same end.

I have etc.

O. D. SKELTON for the . . .

971.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 142

London, June 9, 1939

SECRET AND CONFIDENTIAL

Sir,

I have the honour to refer to my despatch No. A. 141<sup>1</sup> of to-day's date and to previous despatches regarding British foreign policy.

<sup>1</sup> Non reproduite/not printed.

2. On June 6th the British Ambassador to Tokyo sent to the Foreign Office an interesting analysis of recent developments in Japanese foreign policy in particular in regard to the United States and Europe. Sir Robert Craigie states that there has been in recent months a distinct change in the trend of Japanese foreign policy. It was now becoming clear, he said, that the Japanese Government were pursuing a policy of cultivating friendly relations with the United States at all costs, and he describes this policy as being based on the following motives:

(a) The realisation by the Japanese Government of Japan's dependence on economic relations with the United States and of the vital effect of the application to Japan of economic pressure by the United States or even of a further decline in Japanese trade with the United States.

(b) It has now become an aim of Japanese policy to drive a wedge between the United Kingdom and the United States. Sir Robert Craigie states that this is apparent not only from the attitude of the Press but also from the reports which he receives from time to time from distinguished visiting Americans who have had an opportunity to have interviews with highly-placed Japanese Government officials. The line taken by the Japanese in dealing with Americans is that Japan and the United States by acting in co-operation and holding aloof from either combination of Powers in Europe would form a stabilising influence for peace. It is considered that this argument may have considerable appeal to upholders of the isolationist attitude in the United States. The object of such a suggestion would be gradually to detach the United States from the side of the European democracies.

(c) The British negotiations with the U.S.S.R. are regarded with great distrust and suspicion in Japan. The Japanese view is that anything which strengthens the position of the U.S.S.R. in Europe leaves her more free to take a strong line in the Far East and hence is dangerous to Japan.

(d) The fourth motive behind the Japanese cultivation of the United States is described by Sir Robert Craigie as more or less conjectural. He thinks it possible however that the Japanese Government may desire to propitiate Germany for their refusal to enter into the Italo-German Military Alliance by their activities in separating the United States from the Western democracies.

3. The Foreign Office view does not appear to be so pessimistic as that of the British Ambassador. They do not feel that Japan is more than usually concerned to separate the United States from the United Kingdom, although the Japanese Government may feel that a possible understanding between Great Britain and the U.S.S.R. would make it impossible for Japan to maintain friendly contacts with London and that they are therefore all the more anxious to keep them with Washington.

With regard to the attitude of the United States towards Japan, the Foreign Office emphasise that it is not for the British Government to urge the United

States Government to take a strong line in defending their own interests in Japan. The Foreign Office believe that if the United States is to do this, they must do it of their own volition. Therefore, it would be unwise to strive too hard for close parallel action between the United States and the United Kingdom lest it should be considered an attempt at British interference with United States Policy. The view of the Foreign Office is that the British Government must accustom themselves to having to take an isolated step forward in dealing with Japan. This they think may prove the best way of securing the support of a country which has always had a predilection for helping those that help themselves. In this view, however, the British Ambassador to Tokyo does not concur as he feels that the official United States attitude to Japan is at this time not inclined for strong action. Therefore Sir Robert Craigie doubts the wisdom of any isolated step by Great Britain in advance of the attitude taken up by the United States. He would prefer to wait for a strengthening of the United States attitude before taking any stronger action.

4. You will, I think, be interested in noticing the divergence which appears to exist between the Foreign Office and the British Ambassador on this point and also the determination of the British Government not to attempt to bring any pressure on the United States to take identical action with them in the Far East.

5. Since commencing this despatch I have seen a most interesting telegram received last night at the Foreign Office from Sir Robert Craigie and which relates directly to the subject under consideration. The United States Embassy in Tokyo have informed the British Embassy that the Japanese had approached the American Government with a view to discovering whether arrangements could be made for co-operation between the two countries to bring about an easing of the European situation, and the restoration of world peace. The United States Embassy were not in a position to give Sir Robert Craigie any further details on this very important approach as M. Arita has stipulated that the United Kingdom Government should only be told of it when the United States Government had decided on and delivered its reply to the approach. The United States Chargé d'Affaires would not, he said, have been in a position to tell Sir Robert Craigie as much as he did if he had not heard that the Minister for Foreign Affairs had conveyed at least that much information to one of his colleagues. He therefore felt that he was released from his promise to that extent.

6. Sir Robert Craigie urged upon the United States Chargé d'Affaires the importance of the British Government receiving information as soon as possible on a matter of such great importance. His American colleague therefore suggested that while neither he himself nor his Ambassador could be more helpful at the moment in this regard, it might be possible for Sir Ronald Lindsay to convey to the State Department the information which they had been able to give, and enquire whether the State Department could add more to it. In any course of action taken towards this end it is most important,

urged Sir Robert Craigie, that the United States Chargé d'Affaires' name should not be mentioned as the source of his information.

7. It may be that you will be able to secure information on these developments which may possibly be of very great importance, from our Legation in Washington.

I have etc.

L. B. PEARSON for the . . .

972.

*Le secrétaire d'État aux Affaires extérieures au ministre aux États-Unis*  
*Secretary of State for External Affairs to Minister in United States*

DESPATCH 337

Ottawa, June 13, 1939

Sir,

With reference to my despatch No. 657 of the 27th December 1938<sup>1</sup> and previous correspondence<sup>1</sup> concerning the Order-in-Council P.C. 1915 of the 6th August 1937<sup>2</sup> and the Order-in-Council P.C. 3243 of the 22nd December 1938<sup>3</sup>, concerning the issue of passports for travel to Spain, I have the honour to advise you that steps are being taken this week to revoke these Orders-in-Council<sup>4</sup> and that, from the date of the receipt of this despatch,—unless you are advised otherwise by telegram before the receipt of this despatch,—the Orders-in-Council in question should be regarded as revoked and the endorsements regarding Spain should be discontinued.

I have etc.

O. D. SKELTON for the . . .

973.

*Le ministre aux Pays-Bas au sous-secrétaire d'État aux Affaires extérieures*  
*Minister in Netherlands to Under-Secretary of State for External Affairs*

The Hague, June 20, 1939

PERSONAL AND CONFIDENTIAL

Dear Dr. Skelton,

I should like to report briefly an informal conversation I had today with the Secretary General of the Foreign Office.

He told me that the most recent information he obtained from German and Italian sources leads him to believe that war is not likely to break out

<sup>1</sup> Non reproduites/not printed.

<sup>2</sup> Voir le doc. 766/see doc. 766.

<sup>3</sup> Voir la pièce jointe au doc. 804/see enclosure to doc. 804.

<sup>4</sup> Par le Décret du Conseil C.P. 1463, 15 juin 1939.

By Order in Council P.C. 1463, June 15, 1939.

this summer. The Germans might try and even succeed to prepare a coup in Dantzig without provoking the intervention of the Great Powers. Moreover, it is not absolutely certain that the Poles themselves would consider this German attempt as a *casus belli*. The Polish Foreign Minister is reported to have said that Poland was not prepared to die for Dantzig but that the Germans should not be told so.

The fear was expressed by my interlocutor that Staline [*sic*] and Hitler might reach in secret some sort of an agreement which would render, if ever signed, the Franco-Anglo-Soviet treaty inoperative.

The well informed Dutch Officials are divided on the prospects of war and peace and from week to week, pessimistic or optimistic rumours are circulated without any other foundation than that of a purely gratuitous guess as to the intentions of the Dictators interpreted one way or the other.

Yours very sincerely,

JEAN DÉSY

974.

*Le deuxième secrétaire, la légation aux Pays-Bas au sous-secrétaire d'État  
aux Affaires extérieures*

*Second Secretary, Legation in Netherlands to Under-Secretary of State  
for External Affairs*

The Hague, June 20, 1939

CONFIDENTIAL

Dear Dr. Skelton,

I feel that it may be of interest to report confidentially to you the gist of a long private conversation which I had yesterday with my colleague the Counsellor of the German Legation here, dealing with German policy and European prospects. M. Désy with whom I have conversed on the matter today concurs in my communicating informally the opinions expressed to me by Herr zu Putlitz.

You will remember that, as reported to you in this Legation's despatch No. 6 of March 16th,<sup>1</sup> Herr zu Putlitz on March 11th forecast to me the German occupation of Prague and domination of Czechoslovakia on or about March 15th. This event was carried out on the date prognosticated, though it was announced throughout the foreign press and in many official circles as a complete surprise.

Herr zu Putlitz now expresses his belief that a new German "incident" directed against Poland will take place on or about August 20th, though in what precise form he does not commit himself. He mentions among other considerations that the German harvest is usually completed, given good

<sup>1</sup> Non reproduite/not printed.



weather, by about August 10th. The Nazi Party Day is in the first week in September. Between those dates a new political triumph, such as the incorporation of Danzig, is to be sought, which can be celebrated at the Party rally. August 20th is a Sunday, which offers the convenient "week-end" occasion of which advantage is now so often taken by the dictators.

Herr zu Putlitz concurs in the view expressed in this Legation's despatch No. 8 of May 29th<sup>1</sup> that some military elements in Poland are zealous for an encounter with Germany, and declares that German policy is to take advantage of this by means of agitation, to inspire a Polish initiative. This would throw the responsibility of initial action on Poland, and thus mobilize German public opinion in a "defensive action" and possibly at the same time immobilize or invalidate third Power intervention or the application of the recent guarantees.

He believes—however rightly or wrongly—that such a Polish coup can, by dexterous manipulation of the "incident", be accomplished without involving intervention; and that the possibility of a widespread war is to be discounted at this time. His views of the strength of Great Britain as regards European involvements or operations, and determination in its foreign policy under the present Government, are disparaging.

Yours sincerely,

K. P. KIRKWOOD

975.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR DESPATCH B. 55

London, June 22, 1939

SECRET

Sir,

I have the honour to state that His Majesty's Government in the United Kingdom have had under consideration the entries in the Government War Book relating to the choice of the country to whose Government the representation of United Kingdom interests in an enemy country should be entrusted in the event of war—Chap. 1. 3 (E).

2. It is contemplated in the Government War Book that consideration should be given to this question on the institution of the Precautionary Stage. It is felt, however, that there would be considerable advantage if preparatory action in this matter could, as far as possible, be taken in advance in time of peace, in order to reduce the number of matters on which urgent decisions and action would have to be taken in a time of emergency.

<sup>1</sup> Non reproduite/not printed.

3. As a result of consideration of the question, the conclusion has been reached that the arrangement most satisfactory, from the point of view of the United Kingdom Government, would be for the United States Government, should circumstances permit, to take charge of United Kingdom interests in Germany or Italy, should the United Kingdom become involved in war with the country concerned. It is, of course, possible that the United States also might be involved in such a war but, unless and until this occurred, His Majesty's Government in the United Kingdom are of opinion that no Government could represent their interests with more authority than could the United States Government.

4. If it should prove that the United States Government were unwilling or unable to undertake this task, it is proposed that the Argentine Government should be invited to do so. In arriving at this conclusion, His Majesty's Government in the United Kingdom have been influenced by the consideration that it would be desirable that the country chosen should be an important country outside Europe.

5. The United States Government are being sounded informally as to their willingness to act in this capacity should occasion arise. It is being made clear to them that this enquiry does not in any way constitute a formal request but that an indication of the United States attitude would assist the United Kingdom Government in making such arrangements of a more or less routine nature as are possible in advance of an emergency.

I have etc.

T. W. H. INSKIP

976.

*Le haut commissariat de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commission to Under-Secretary of State  
for External Affairs*

850F/10

Ottawa, June 23, 1939

SECRET

Sir,

I am directed by the High Commissioner to request you to bring to the notice of the Secretary of State for External Affairs a point connected with the arrangements for censorship in time of war which are under consideration by the authorities in the United Kingdom.

The general censorship organisation of the United Kingdom is described in detail in the C.I.D. paper No. 1146-B, copies of which accompanied the late Lord Stanley's circular despatch C No. 197 of the 5th October, 1938,<sup>1</sup> but I am to explain that the particular point with which this letter is concerned is not covered by the regulations as they stand at present.

Sir Gerald Campbell is informed that the United Kingdom authorities consider that it would be very useful for liaison officers to be exchanged in time of war between the censorship organisation in the United Kingdom and such similar organisations which may be established overseas. In this connection I would refer to the Canadian Government's despatch No. 113 of the 12th April, 1932, in which it was stated that the arrangements envisaged for Canada, though they would probably be drafted on somewhat different lines from those to be adopted for the United Kingdom, would be designed for the closest possible co-operation with other parts of the Commonwealth.

The suggestion as regards the exchange of liaison officers relates in particular to the censorship of transit mails. To this those who are concerned with the organisation of censorship in the United Kingdom attach special importance. Sir Gerald Campbell understands that during the war of 1914-18 such transit mail censorship in Canada was carried out at Halifax, and that should His Majesty's Government in Canada decide to institute arrangements on similar lines in the event of another war this would form an integral part of the machinery for economic warfare throughout the Empire.

The authorities of the United Kingdom would therefore wish, subject of course to the Canadian Government's concurrence, to send an experienced officer to Canada on the imposition of censorship arrangements to assist the Canadian censorship in dealing with such transit mails. They are also anxious that in such circumstances the Canadian Government should send an officer to the United Kingdom to assist them in the same branch of censorship. It is suggested that these officers might be interchanged for a period of two or three months, and it is thought that frequent interchanges of this character should ensure that the two censorships in Canada and in the United Kingdom worked on similar lines.

It is also proposed that the liaison officers in both cases should keep in touch with other branches of the censorship and exchange information in regard to the latest technical methods, particularly for dealing with secret inks, suspected persons and firms, and other similar matters. It is suggested that in the first instance one officer only might be sent but that an assistant might be required at a later stage. The authorities in the United Kingdom consider that it would be desirable that if the Canadian authorities approve some mention of this should be made in the censorship regulations by including a note on those lines in the first list of amendments to the 1938 edition. In any case they consider that it should be possible for an officer to be taken out of the existing establishments for interchange purposes.

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<sup>1</sup> Non reproduite/not printed.

Sir Gerald Campbell would be most grateful if the matter could be considered on these lines by the appropriate Canadian authorities and if he could be advised at an early date of the Canadian Government's views.

I am etc.

STEPHEN L. HOLMES

977.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 162

London, June 30, 1939

CONFIDENTIAL

Sir,

I have the honour to acknowledge your despatch No. 227 of 8th June, 1939, commenting on the recent negotiations between the British and Soviet Governments for the conclusion of an agreement for common action in the event of aggression.

2. You suggest in your despatch that the Government of the United Kingdom might have realised in advance that an agreement with Russia was a natural sequel to the guarantee to Poland. It is quite true that the guarantee to Poland, once having been made, an understanding with Russia became of very great importance. I should like to point out in this connection, however, that the Polish guarantee was undertaken at a moment when there was grave apprehension that a German coup to the east might take place forthwith. It was only because of the immediate danger that such a new departure in British foreign policy was taken.

3. There was for some time a feeling on the part of certain sections of the British public—chiefly among those opposed to the present government—that the Foreign Office was not in earnest in its negotiations with Moscow. As the attitude of the Soviet Government became more apparent, this feeling of scepticism has very largely disappeared and I think it fair to say that the public generally accepts the fact that the Government of the United Kingdom have persevered with determination and patience to effect the alliance with the Soviet Government which it is generally agreed is essential.

I have etc.

VINCENT MASSEY

978.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 163

London, June 30, 1939

CONFIDENTIAL

Sir,

I have the honour to refer to your confidential despatch No. 228 of 8th June 1939, with which you forwarded a copy of a departmental memorandum on the "Propagation of Allied Political Aims in the Event of a General European War".

2. I cannot, I fear, find myself in agreement with the conclusion which is drawn from Sir Ronald Lindsay's despatch under reference. I am unable to believe that it is in the Ambassador's mind to accept the "blind drift to war as inevitable" although the danger of conflict in the near future is apparent to all those in close touch with the rapidly moving events in Europe. The suggestion in your despatch is that the Ambassador is less concerned with efforts to avert war than with plans for war-time propaganda on the assumption that hostilities cannot be avoided. I myself can see nothing incompatible between a reasonable effort to place before the world the validity of the cause which all democracies have in common and for which the nations of the British Commonwealth may have to fight, and efforts to avert that calamity. Such efforts I am satisfied have been made and are being made today by the Government, to which Sir Ronald Lindsay is responsible, with sincerity and persistence.

3. In your despatch under reference you suggest the importance of making now concessions that might be necessary after a war. I am not aware of what steps you may have in mind. I would in all deference submit, however, that concessions which were made to Germany in September 1938 were widely regarded in the United States—I think, myself, very wrongly—as concessions to force and a betrayal of democracy. It is difficult to see what concessions could be made today in the area of immediate danger which would not be similarly regarded and also looked on in Germany as a sign of weakness and an encouragement to further aggression. The hope is that in the coming crucial months pacific adjustments of some of the real problems in Europe may be effected. At the moment, however, there seems little to be done except to strengthen as far as may be possible the diplomatic front which is being built up to withstand such aggression so that whatever adjustments may have to be made can represent a "lead from strength".

I have etc.

VINCENT MASSEY

979.

*Le sous-secrétaire d'État aux Affaires extérieures  
au haut commissaire de Grande-Bretagne*  
*Under-Secretary of State for External Affairs  
to British High Commissioner*

Ottawa, July 7, 1939

SECRET

My dear Sir Gerald,

With reference to Mr. Holmes' secret letter of June 23, 1939, No. 850F/10, the appropriate departments have been consulted, and I am to say that the Canadian Government agree that in the event of war liaison officers should be exchanged between the censorship organizations of the United Kingdom and Canada.

It is noted that this exchange relates in particular to the censorship of transit mails, and that it is also proposed that the liaison officers in both cases should keep in touch with other branches of the censorship and exchange information in regard to the latest technical methods, particularly for dealing with secret inks, suspected persons and firms, and other similar matters.

Should the necessity arise the Post Office Department will be prepared to make the necessary arrangements for the reception and accomodation of the United Kingdom official or officials who may be designated to come to Canada for the purpose, and also to designate the corresponding Canadian official or officials to go to Great Britain.

Yours sincerely,

O. D. SKELTON

980.

*Le consul général d'Allemagne au Premier ministre*  
*German Consul General to Prime Minister*

Ottawa, July 18, 1939

Dear Mr. Prime Minister,

I have been charged to transmit to you a personal verbal message from Herr Hitler, in reply to your letter of February 1st, and I should be grateful if you would kindly let me know when and where it would be convenient for you to receive me for the purpose.

May I take this opportunity of expressing to you my sincere sympathy in the loss your Government has suffered through the death of the Honourable the Secretary of State.

Believe me etc.

E. WINDELS

981.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

July 19, 1939

## THE EUROPEAN SITUATION

*Developments from mid-May to mid-July**I. The New British Policy.*

The New Policy launched by the Government of the United Kingdom in the middle of March has been pursued consistently and energetically since that time. It is now reaching the testing point.

The New Policy was a complete reversal. It represented a shift from appeasement to determination to resist force by force, and particularly a reversal of the long-established British policy of making no Continental commitments except in Western Europe. It was a sudden reversal. On March 15th, Mr. Chamberlain still believed in his Munich policy. He then declared that the Government must not be deflected by the occupation of Prague from its aim in bringing about peace and understanding. On the 17th he stated that Britain must meet force by force if necessary, but he still declared he was opposed to unspecified commitments. Two days later, however, his Birmingham speech indicated a definite hardening in policy and on that day and the next the Foreign Office definitely launched its attempt to build up an anti-Hitler bloc in Eastern Europe. It was a change made without consultation with the United Kingdom Parliament or with Canada or the other Dominions. So far as Canada is concerned, neither at that time nor since has there been any consultation or even any information until after the decision on policy has been made or in many cases until the policy has been put into effect.

In a memorandum of the 10th May<sup>2</sup> the reasons for this sudden shift of policy were stated to have been:

(a) a widespread dislike of the internal and external policies of the Axis powers—their arrogance, intolerance, brutality—and a feeling that war itself would not be worse than constant tension;

(b) the fear that if Germany remained unchecked in Eastern Europe, she would become a menace to Western Europe and the United Kingdom itself;

(c) an uneasy sense among the people of the United Kingdom of vanishing power and prestige;

(d) pique on the part of Mr. Chamberlain who saw crumbling his Munich triumph and his forecasts of "peace in our time";

(e) revolt of the Foreign Office against control by No. 10 Downing Street and Horace Wilson;

(f) the backseat driving from Washington.

<sup>1</sup> De/by L. C. Christie.

<sup>2</sup> Non reproduct/not printed.

The New Policy raised two distinct questions:

(1) How could an adequate war alliance be built up, that would make it possible, if war did come, to carry out British commitments in Eastern Europe and prevent disaster to Britain and France themselves?

(2) How could a permanent peace be achieved? Would it be possible in the atmosphere and conditions involved in the division of Europe into two entrenched camps to find a way to peace?

## II. *Building the Anglo-French War Front.*

### 1. *The United Kingdom itself.*

A remarkable degree of unity has been attained in Parliamentary and political and public opinion. All parties are united and the main criticism appears to be based on doubts of whether the Government is sincere and energetic enough in its policy of meeting force by force. There has been a lack of the September jitters, though below the surface there is an increasing uneasiness as to whether Britain will have the strength to carry out her far-reaching commitments, and in Government circles there has been some tendency, perhaps inevitable in the circumstances, to give credence to obscure rumours and sudden apprehensions.

This unity of purpose has found marked expression on many fronts,—in lavish expenditure, increased arms production, the introduction of conscription, and an outburst of oratorical challenges and propagandist activities.

The Englishman, when aroused, is prepared to sacrifice his pocket to his pride, to his natural fears for his own safety, and to his sympathy with strategically situated underdogs. The people have cheerfully acquiesced in the spending of colossal sums. The armaments bill will reach at least \$4,000,000,000 for the year 1939-40. Some who look ahead are becoming apprehensive of what will happen when the annual maintenance of the defence forces, plus the interest and sinking fund on borrowings, will exceed the whole present large annual revenue. Cf. Mr. Chamberlain, himself, in the House of Commons, Feb. 21, 1939.\* But most are not yet counting costs.

\*[“] I wonder whether even now the Committee has grasped the full significance of the scale of the expenditure which is here being contemplated. A sum of \$[sic]2,800,000,000 (increased by July to \$[sic]4,000,000,000) is to be spent in a single year upon the various aspects of defence. That is a figure which does not fall very far short of the whole of the National Debt at the beginning of the Great War, and, of course, that is by no means the end of the story . . . But I cannot help looking even further than that, because, when this process of expansion of our defence forces has been finally completed, we shall not only have to look forward to the finding of the interest and sinking fund upon the amount which we have borrowed, but we shall also have to look forward to the annual cost of the maintenance of these increased forces. It would, of course, be rash at this time to venture upon a prophecy as to what figure the annual cost of maintenance may reach, but when we remember that the Chancellor of the Exchequer, for the purposes of his argument, took the amount which might be expected to be received from revenue next year at £230,000,000, one cannot help wondering whether the annual cost of maintenance of this increased armament, together with the cost of interest and sinking fund, may not be more than it is possible to extract from the taxpayers of this country out of current revenue. That is a serious prospect, to which no one, I think, can look forward with a light heart.[”]



After years of fumbling and misdirection, the production programme has now struck its stride, particularly in the lagging aircraft construction and in the mechanisation of the enlarged army. The country is at last getting something for its money.

The adoption of conscription in peace-time, though on a limited scale, has been accepted with little opposition, and has served to reassure France and has impressed, perhaps in less measure, other countries of Europe. It is a necessary consequence of the pledge given France this year to send an expeditionary force to the Continent.

Equally remarkable is the development of organized propaganda. No country has ever been more successful in inducing the world to accept its policy as the righteous and gentlemanly attitude than England, but the technique hitherto has been more subtle a social "osmosis", the casual infiltration of ideas by press and personal contacts, the unconscious effect of a bland assumption of superiority and rightness. Now that these methods are not found adequate or immediate enough for a world dominated by radio and Goebbels, the British government is fighting the devil with his own weapons, open and organized propaganda in other countries, including Germany, and weekly barrages of oratory. It is curious that as Hitler in his *Mein Kampf* declared the successful war time propaganda of the British was the inspiration and model for his Nazi activities in this field, so now in peace-time, Britain is taking Nazi Germany as its model.

## 2. *France.*

In France there has been an equally marked consolidation of feeling and improvement in arms production. The army was already in first-class shape. The navy is being expanded and the air force, which was the weakest arm in effectiveness and particularly in production, is being rapidly strengthened. The Labour and Left forces generally have accepted the sacrifice of the short-hours and union privileges won under the Popular Front. There has been a rapid growth in the executive power at the expense of Parliament, and a Napoleonic ring to Daladier's speeches and bulletins. The pro-Nazi Flandin group is temporarily silenced, though press venality and espionage activities have not been wholly overcome. The Government rejects all suggestions for Mediterranean concessions to Italy or even for negotiations.

## 3. *Eastern Allies.*

Aside from the Russian negotiations, there has been no substantial change since the middle of May in the line-up of Eastern European Allies, or guaranteed countries. The four countries definitely covered are Poland and Turkey, which entered into reciprocal alliance, and Greece and Rumania, to which one-way guarantees were given.

*Poland on March 31* was publicly assured that "in the event of any action which affected and threatened Polish independence, and which the Polish

Government accordingly considered it vital to resist with their national forces, His Majesty's Government in the United Kingdom would feel themselves bound at once to lend the Polish Government all the support in their power." Conversations in London with the Polish Foreign Minister, Beck, early in April, laid the basis for a more formal agreement, which the uncertainty as to Russia has prevented being completed. Poland gave reciprocal assurances of support, which were later privately indicated to cover also a German attack on Belgium, Holland or Denmark. The Franco-Polish understanding has been similarly confirmed.

*Greece and Rumania on April 13* were given similar public assurances, the only difference being a phrase, which was apparently meant to retain for the United Kingdom more power to decide whether its action was called for: "in the event of any action being taken which *clearly threatened* the independence of Greece or Rumania and which the Greek or Rumanian Governments respectively considered it vital to resist", etc. (The same version, 'clearly threatened' was however used to Poland on occasion). Similar guarantees were given by France. There was no reciprocal guarantee, as both small countries desired to avoid appearing to have themselves taken a position hostile to Germany or friendly to Russia.

*Turkey and the United Kingdom on May 12* simultaneously declared that pending the completion of a long-term reciprocal agreement, and "in the event of an act of aggression leading to war in the Mediterranean area, they would be prepared to co-operate effectively and to lend each other all aid and assistance in their power". The declaration is not confined to acts of aggression *originating* in the Mediterranean; it covers acts of aggression elsewhere (e.g. German attack on Poland or Rumania) which would lead to war in the Mediterranean (i.e., Italy warring with Britain as a consequence). The declaration represented a compromise between the British desire to have Turkish support against German action in Eastern Europe generally, and Turkish unwillingness to make general commitments in the Balkans until assured of Russian support there. Turkey continued to confine its definite Balkan commitments to assisting Greece if the latter was attacked by Bulgaria acting alone or in concert with other powers. On *June 23rd*, *France and Turkey* signed a similar declaration, achieved at the price of handing over to Turkey the territory of Hatay in Asia Minor, taken from Turkey after the war and mandated to France; neighboring Syria protested violently against this return of an unwelcome neighbour.

The financial implications of the Alliance are now becoming important. A London newspaper puts it:

"First you make an ally,  
Then you make a loan."

Poland and Turkey are now putting in their bills to London. The amounts demanded for military and economic reconstruction are huge and the bor-

rowers are not even willing to promise to spend the loan in purchases from the United Kingdom. Even the Neutrals are trying to cash in on the situation; Yugo-Slavia and Bulgaria delicately indicate a fear that without British money they may be forced into the German camp.

#### 4. *Soviet Russia.*

It is significant that the term 'Russia' is being increasingly used instead of the 'Soviet Union' or the 'Union of Soviet Socialist Republics'. The reversion may be a conscious attempt in England and France to play down the communist color of a possible ally, or it may be an unconscious recognition of the fact that the Soviet Union is steadily reverting to type, becoming definitely more nationalist and less communist save where communism serves the needs of a central autocracy. Peter the Great is being restored to favour in Soviet films.

The two months from the middle of May to the middle of July have been largely occupied with the negotiations with this indispensable but irritating or 'tiresome' ally. The displacement of Litvinov, with his definitely Western European orientation, by Molotov, a mere stooge of Stalin, does not appear to have involved a decision to line up with Germany rather than with the Anglo-French bloc, but it does illustrate and emphasize the possible trend to isolation, the certain determination to play a waiting and bargaining game, the intention to consider no factor except Russia's own security and prestige, and the increasing trend toward a diplomacy of the old fashioned Oriental despotism type. Stalin, aside from his doubts of the good faith of England and France and his suspicion they would cheerfully divert Hitler against the Ukraine if they could, believed they had put themselves out on a limb by making commitments to Poland and Rumania which they could implement only with his aid. He intended to make them pay for that aid, not only in rebuffs and snubs but by making it plain that in any alliance they were to serve Russia's ends at least as fully as he would serve theirs. Molotov's speech before the Supreme Council on June 1, warning the Russian people of war-mongers and declaring Russia was not going to pull the Western Powers' chesnuts out of the fire, publicly illustrated this attitude.

At the middle of May a wide gap divided British and Russian positions. Britain was anxious to avoid an open alliance with Russia which might alarm anti-Bolshevist feeling whether in Japan or Spain or the Vatican or in England itself, and might tie Britain and France to the Russian chariot on unknown adventures. She considered further that she had already made her contribution to Eastern European security by guaranteeing Poland and Rumania. Therefore, her proposal was, no alliance, but merely a parallel and supplementary declaration by Russia of its intention to assist any of its European neighbours which was the victim of aggression and which was resisting that aggression. Later, she made clear that Russia would not be expected to render this assistance unless Britain and France had already taken up arms.

Russia demanded a much more full blooded and Russian programme. Her main demands as early as April were:

1. A firm three-power alliance, United Kingdom, France, Russia, for 5 or 10 years.
2. Inclusion of the Baltic states, Finland, Latvia, Estonia, in the countries guaranteed.
3. Immediate discussion and detailed settlement of the extent and form of the military aid to be given by each of the Big Three.
4. None of the Three, once war started, was to conclude peace without the consent of the other two.

For the past two months the debate has continued, in endless telegrams, conversations in London, conversations in Moscow, speeches to Parliament and public. The British Ambassador in Moscow, Sir William Seeds, who was opposed to continuous concessions to Russia, was reinforced by William Strang of the Foreign Office, Mr. Chamberlain's aide at Munich and a former member of the Embassy staff at Moscow. The French Government played a minor role, mainly in the way of pressure on the British to meet Stalin's terms lest a worse fate happen.

It is not necessary to follow these prolonged and tortuous negotiations. Briefly, the outcome thus far is that Stalin has not receded a step from his position and Britain has gone a long way to meet him but balks firmly at the remaining steps. The situation may be summarized under the heads of the original Russian demands:

1. *Alliance, not declaration.*

The British have accepted a *five-year three-power agreement*, subject to renewal (May 26, B. 205<sup>1</sup>). An attempt to include in the proposed agreement a preamble referring to *League of Nations Covenant* principles, and references to Article 16, as a concession to British League sentiment and a possible foundation for swinging League members into line, was violently attacked by the Russians as a play for delay and manipulation at Geneva, and consequently was completely dropped.

2. *Guarantees covering smaller states.*

This has been the toughest and most prolonged subject of controversy. A dozen formulas have been proposed. Two main issues arose:

(a) *What states were to be included?* The Russians were insistent on specific inclusion of the Baltic states, or at least Latvia, Estonia, Finland. The British demurred on the ground that the last thing these determinedly neutral states wanted was Soviet aid, a hug from the Russian bear; they had all been part of Russia once, and feared that they might find again their 'ally' was their master. The British, in their turn, asked Russia to give them aid in resisting German aggression in Western

<sup>1</sup> Non reproduit/not printed.

Europe directed against Belgium, Holland, Switzerland or Denmark. Here the local roles were reversed, Holland and Switzerland particularly emphasizing their intention to remain neutral and their rejection of any compromising guarantees. The British proposed general formulas; the Russians countered by suggesting naming eight states as being jointly guaranteed, Belgium, Greece, Turkey, Rumania and Poland, and Latvia, Estonia and Finland. The British, following up a French suggestion, proposed a compromise (July 7, B. 240<sup>1</sup>), naming these eight states, to be jointly guaranteed, in a secret supplementary agreement, which was not to be published and providing merely for consultation as to Holland and Switzerland. They pointed out they had thus met the Russians by bringing the three Baltic states into the Three-Power guarantee, and abandoning their counter proposal for guarantee of Holland, Switzerland (and Luxembourg).

(b) *In what case was aid to be given?* This issue was latent from the beginning but only came into the open the end of May. Molotov raised the point (B. 208 of May 31<sup>1</sup>) that the British proposals made no provision for the possibility of the Baltic states being absorbed by Germany with the nominal consent of their governments, as happened in Czechoslovakia. It was indicated later that the Russians were suspicious of the German sympathies of the upper classes in the Baltic states, and professed to fear a coup d'état there. The British went so far (B. 234 of June 30<sup>1</sup>) as to suggest a clause providing for immediate Anglo-French aid to Russia if involved in war with Germany as a consequence of aggression against another European state, e.g. Latvia, which Russia felt obliged to defend. But the Russians demanded the alliance should cover action in cases of *indirect aggression*, defined as including a coup d'état or reversal of policy in the interest of the aggressor. (B. 238, July 4<sup>1</sup>). The British then proposed a definition of 'indirect aggression', to be included in the secret memo only, as "action accepted by a state under threat of force and involving abandonment of its independence or neutrality". (B. 240, July 7). The Russians came back with a revision of the definition of 'indirect aggression' by adding,—“or without such threat, involving use of the territory and forces of that state for purposes of aggression”. They insisted that their definition, which was designed to cover Latvian or Estonian economic agreements with Germany inconsistent with independence or neutrality or the use of German army instructors should be inserted in the open treaty. Finally, (thus far) the British most emphatically rejected this proposal (in B. 243 of July 13<sup>1</sup>). They declared it was dangerous and certain to rouse suspicion and hostility, and that it left it to Russia to intervene when it pleased and drag its allies into war (“unilateral opening of hostilities by one party bringing the whole guarantee system into play”—which incidentally Poland or Rumania or Greece or Turkey could do).

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<sup>1</sup> Non reproduits/not printed.

### 3. *Immediate and detailed agreement on military aid.*

Here again the Russian position has never varied, though the wording of their formulas has altered from time to time. They have contended that without definite pledges as to how many ships, men, aircraft and what supplies will be forthcoming from each ally in each possible contingency, an alliance is of no value (as witness Czechoslovakia). The British have replied that it would involve long and risky delays to work this out, that they would agree to *start* staff talks, and finally (B. 243, July 13), instructed their Ambassador that Russia's insistence on this point, which they definitely rejected, aroused suspicion that Russia had in mind forcing upon Britain and France military conditions against their better judgment.

### 4. *No separate Peace.*

For three months Russia has insisted that once war began none of the Big Three, England, France and Russia, would make 'peace' (later they added for good measure 'or armistice') without the consent of the other two. The British took the stand it was impossible to make such an agreement before the objective of peace was known, which in turn would depend on the circumstances which had produced the war, but by June 13 (B. 218<sup>1</sup>) they indicated they were ready to meet the Soviet Government on this point.

At the present time, July 19, the Russian alliance hangs in the balance. The British instructions of July were in the nature of an ultimatum: the United Kingdom had conceded points 1, 2a, and 4; the Russians could have an alliance if they dropped their insistence on points 2b, re indirect aggression, and 3, re advance agreement on extent of military aid. If the Russians have only been bargaining for the best terms, they have them now. Yet they have refused to make any concession. Their reply (in B. 249 of July 19<sup>1</sup>) flatly rejects the British ultimatum on both points. In spite of this the British are continuing to negotiate; they cannot secure the agreement they want, but they cannot face a public breakdown at this juncture.

Incidentally, the difficulty experienced in reaching agreement on the giving of mutual support, its extent, and the occasion for its application, even in a case where the possible danger is known, is real, and is a common danger, illustrates the futility in the present state of the world, of League of Nations or other forms of world wide collective security which attempt to pledge the signatories to give instant aid at any place and any time, against any future aggressor, and regardless of the direct interest or the special difficulties of each member when the actual case arises.

### 5. *The United States.*

There is little doubt that the definite expectation of United States support for a vigorous anti-Hitler policy and the apprehension of United States

<sup>1</sup> Non reproduits/not printed.

criticism if an appeasement policy were continued, were among the imponderable factors in the sudden shift of British policy in March. In some measure that support has been received. The sections of American opinion which supported a vigorous (British) policy, whether Anglophile, pro-League and pro-collective security, or Communist, were pleased by the new developments, though the revelation of a war-planning Europe and of intrigues and propaganda and alliances also confirmed the isolationists in their views. There has been a growing willingness, so far as public opinion is concerned, to allow, even in war-time, export of arms and supplies to the "democratic bloc". But this has gone along with a still stronger desire to keep out of sending United States forces to Europe again, and to keep out of war altogether, if humanly possible.

Whatever the trend of public opinion, the Administration has failed to deliver the goods, so far as securing Congressional action that would permit greater direct or indirect aid to England and France is concerned. Billions have been voted for defence, but it is for the defence of North America in or about North America. The main controversy has turned upon the existing neutrality legislation, passed in the hope of avoiding 1917 entanglements by avoiding war-profiteering. The most important parts of this legislation, from the standpoint of outsiders, were the section forbidding the shipment of arms to belligerents, once the President had proclaimed the existence of a war, and the cash and carry section, forbidding the shipment abroad of such war supplies as the President might enumerate, unless title had previously passed to the belligerent and the purchaser would "come and get it".

The latter clause was really favourable to Britain and France, since they alone had assets in the United States which they could use for purchase (other sections of the law forbade new war-time loans and the Johnson Act forbids new peace-time loans to defaulting debtors) and they would presumably have the command of the sea. It had been considered an experimental measure, and accordingly was to lapse on April 30, 1939, unless renewed. Deadlock on the general issue prevented a renewing vote, and it, therefore, lapsed.

The other clause, embargoing shipments of arms in war-time, was anathema to the Administration forces. They would have liked to have it amended to give the President discretion to apply it against an "aggressor" and withhold application to "the victim of aggression", but the Republican and right wing Democrats, quite aside from their opinions on Europe, had opinions on the President that forbade giving him that great power. The Administration next sought to compromise on a clause permitting export of arms, but only on a cash and carry basis, which would mean in practice free flow to Britain and France. Thus far, the attempt has failed. Great cleavage and confusion of opinion, the sway of political and personal calculations, marked the discussion in Congress. Probably there is a small majority for some action that would favour the Western Powers without endangering American neutrality, but it has not been possible to express this view in a definite and accepted

formula. In the House a coalition of Republicans and anti-New Deal Democrats resulted in defeat of the Administration proposals and the passage by a small majority of a makeshift clause, prohibiting the export of 'arms and munitions', but not 'implements of war'. This would apparently have allowed airplanes to be exported, and to many seemed worth seizing. But the President rejected any further compromise. In any event the action of the House did not commit the Senate, where later the Foreign Relations Committee by a vote of 12 to 11, the majority including two Senators whom the President had tried to purge last year, recommended the postponement of any action until another session. In further conferences, the President has found it impossible to induce the Senate to reverse this action, and the embargo stands in its present form. Not only the President but the Anglo-French alliance which he had publicly sought to support and had privately sought to establish have suffered a reverse. The President will doubtless not give up. He has the Roosevelt ambition to play a great part in world affairs, and he has a great measure of executive discretion and pressure. If war broke out he might either turn a blind eye to the necessity of proclaiming a war to exist, (in which case the embargo would not be applied), or might take other action calculated to bring United States forces to the brink of conflict. But this would be after war broke out, and his and Mr. Hull's whole public argument in the neutrality debate has been for such action now as would prevent war arising.

The Administration has been more concerned with Europe than with Asia. Recently a Congressional movement, supported by men drawn from both (or several) sides of the general neutrality controversy, has sought to proclaim or give the President power to proclaim an embargo on shipments of war materials, oil, steel, copper, etc., to Japan, on the ground of violation of the Nine-Power Treaty. It is not yet clear whether this movement will find success in the present session. (Incidentally the Canadian Administration already has such power through the 1937 amendments to the Customs Act).

### III. *The Axis Front.*

Meanwhile, the Axis has continued to grind. The Aggressors may have been made more cautious, but they have not been made repentant. In fact their efforts have redoubled in this "cold war" that now is launched.

(a) *The Home Fires.* Production of war material has been further speeded up, particularly in Germany. The people have been persuaded that Britain is again planning encirclement, that Germany is fighting on the defensive. Yet there is undoubtedly a relative decline both in material preparations and in public morale. While England and France have gone up in both respects, Germany, if not going back, has not been able to go much forward. She is nearer her maximum employment of capital and labour, has little slack still to take up. Her people



are uneasy. Both productive capacity and nerves have been stretched further and longer than among the 'Allies', and are nearer the exhaustion point. Germany, it is alleged, is already in the 1916, not the 1914 stage.

(b) *Welding the German-Italian Alliance.* Hope of detaching Italy from Germany has been the cornerstone of British policy, so far as any basis can be discerned, through both the Appeasement years and the Challenge months. There is no doubt the Italian people are uneasy, that they distrust and dislike the Germans, and that Mussolini himself, as a realist and not a somnambulist, is more deterred by stone walls than Hitler. But whether Mussolini feels that he cannot escape from his domineering ally, or that the die is cast, or whether he resents the refusal of France to make Mediterranean concessions or the attempts of British Ambassadors to scare him, or still dreams of his 'Roman lake' and the triumphs of a Caesar, the fact is that the Governments and armed forces and economic directorates of Italy and of Germany are working more closely together than ever before. Perhaps one factor in Mussolini's decision is that he is securing something in advance, cash down, namely the permanent Italianisation of the Austrian Tyrol, which was Italy's main share of the Allied loot. Hitler has apparently agreed to move the hundreds of thousands of German-speaking Tyrolese to Germany and allow them to be replaced by Italians. The Tyrolese, however Germanic in speech and tradition, and however resentful of the Italian tyranny, which went so far as to erase Italian names from gravestones, are yet firmly rooted in their attractive homeland and unwilling to be moved about like pawns in a game of high chess, mere Hitlerian robots: but moved they will be, if their masters so decide.

(c) *Lining up the Junior Partners.* In the fight for allies, the Axis powers have concentrated on Spain, Hungary, Yugo-Slavia and Bulgaria. Spain is uncertain; gratitude should put her in the Axis camp but where is gratitude to be found in Europe today? Franco seems to lean to neutrality, but the Falangists or fascist section of his followers are daily becoming more aggressive and if they secure control will veer more definitely to Rome and Berlin. Hungary would like to play her own ambitious game and resist Nazifying, but is clearly in Germany's pocket. Bulgaria has been trying to blackmail her neighbours, Rumania, Greece, Yugo-Slavia, into returning their war-time annexations as the price of not going into the German camp, but thus far without success. Yugo-Slavia undoubtedly would prefer to remain neutral, or, if possible, to help the Anglo-French cause, but nearly encircled by Germany and Italy, it can only balance precariously on the fence and play for time. There is an even chance that Germany may succeed in lining up these three "friendly neutrals" in a new Little Entente, and through them prepare to strike at Greece, Rumania or Turkey.

(d) *Scaring the Neutrals.* By alternate threats and cajolery, Germany has been seeking to bring the Scandinavian and Baltic countries, Holland, Belgium, Switzerland into at least a 'friendly neutrality' which will ensure her supplies in peace and war. Success has been limited.

(e) *Stirring up the Heathen.* The endeavour to raise an Arab crusade or Jihad against Britain and France is continuing, but with decreasing success. Britain has bought off the Arabs by reversing its policy in Palestine, knowing that world Jewry, however angry and disillusioned, will not side with Hitler. Italy's attack on Moslem Albania and Turkey's alliance with Britain and France have blocked for the present the danger of a pan-Arab or pan-Moslem movement in the Axis interest.

(f) *Using the Yellow Peril.* German efforts to induce Japan to join in a military alliance with the Axis powers, though supported by the younger army leaders, were narrowly evaded by the Japanese Government. The present Japanese thrust at Britain, in Tientsin and other outposts of the White man, while probably encouraged by Germany, is not done to oblige her. Each member of the Anti-Comintern Pact in fact is striving to exploit for its own purposes the nuisance values of the others.

Japan's violent pressure on Britain is a reflection of her failure to crush China's resistance. Unable to destroy the Chinese forces in the west, she turns again to the coast cities, and seeks to drive out the White adventurers of Shanghai and Tientsin. The drive, if successful, would cripple the financial support of the Chinese Government, and rid Japan of trade rivals on the coast. It might incidentally rally some Chinese support to a programme of "Asia for Asiatics against the White man", and as Cartoonist Low suggests only too truly, it might be easier to defeat Britain-in-China than the Chinese-in-China, and thus regain face. The Tientsin occasion was well-chosen; the four Chinese conspirators whom Japan demanded were undoubtedly mixed up in some way with the murder of a pro-Japanese official; as the United States had no concession in Tientsin it was thought possible to drive a wedge between the United States and Britain, and in any case it was a difficult moral feat for a country which had forced a Concession from China at the cannon's mouth in 1860 to question similar tactics in 1939. The British Consul General in Tientsin saw the trap and warned the British Government against it, but in vain. The personal indignities and army demands and public clamor which have followed have been the sorest trial to British prestige in generations, but her recognized inability to take aggressive action or even save Hong Kong and her desire not to have her hands tied in Europe at this critical moment will make her fight for time, and perhaps, if the United States cannot be induced to join in, to yield in some measure to Japanese demands. It is a far cry from the days when the white rulers of Shanghai blatantly put up notices in the public park, "Dogs and Chinese Keep Out".

#### IV. *The Immediate Issue: Danzig.*

At the moment the two centres of danger are Tientsin and Danzig. That does not mean they will continue to hold that position; their present pre-eminence merely means that in these ancient cities, on opposite sides of the world, the explosive force of nationalism and revolution has found a weak spot in the armour of the status quo. Tomorrow it may be elsewhere. But today it is Danzig; Tientsin has vital importance only as a sideshow. Hence the weekly crises and the daily columns of reports of troop movements, arms smuggling, border incidents, parades and oratorical battles.

*Present Status.* The Peace Conference sought to reconcile the principle of self determination which would have left this 95% German city part of Germany, with the economic and military interest of Poland in securing direct access to the sea, by setting up a Free State around the city, independent of both countries and under the guardianship of the League of Nations, enjoying local autonomy, but with Poland given control of its foreign affairs, control of the customs and free use of the port. Latterly the internal control of the Free State has fallen completely into the hands of an aggressive Nazi party.

*Is it worth fighting for?* In other words, should Britain and France state publicly in advance that they will resist any change in its status, whether made by force or by local proclamation without immediate German entry? It is urged by one group that Danzig is vital not only to Poland but to Britain; that the present solution is itself a reasonable compromise; that absorption by Germany would make her mistress of the Baltic, lead to still further demands on Poland, frighten every Baltic and eastern European state into submission and destroy the last vestige of faith in British or French pledges; in short, a fight in Danzig is not a fight for Danzig but for England and freedom. It is urged on the other hand, that German opinion is completely behind Hitler in this one demand; that it would be impossible to rally moral force behind an "Allied" military attack on Danzig if it merely proclaimed itself again part of the Reich; that the whole Polish venture is strategically unsound, even with a Russian alliance, and insane without it; that a solution will have to be found some day, and why not *before* a war?

*Hitler's demands.* Hitler has publicly stated his demands on Poland: the return of Danzig to the Reich and a corridor across the corridor from Germany proper to East Prussia. The British Ambassador says these are his minimum terms. The question is only when and how. Henderson thinks he may wait on events (e.g. a breakdown of the Anglo-Russian negotiations or an explosion in the Far East) or may strike soon, expecting to overrun Poland in a few weeks and then throw on the Western powers the onus of continuing the conflict. He concludes that unless an unmistakable movement for solution is made before August, the visit of a German cruiser to Danzig on August 23-25 or Hitler's speech at Tannenberg on August 27, or the

Nuremberg Nazi rally in September may compel some stunt, e.g., a declaration by the local Senate that Danzig is once more part of Germany.

*Poland's Position.* The Polish Government's view in March, *after* the seizure of Prague and the ultimatum to Lithuania but *before* the British offer of a guarantee, was that "Poland would fight if she were attacked, *except for* Danzig, but that an attack was not expected, since the general impression in Poland was that Rumania was marked out as the next victim", (Statement to Hudson, of British Ministry, on visit to Warsaw). Publicly it is now stiffer. Polish nationalists, encouraged by their new alliance, are demanding the annexation of Danzig and East Prussia. Beck has thus far refused to be stampeded by Polish extremists or Anglo-French rumours (on the "fatal" week-end of July 1st he left Warsaw for the country). He insists that Danzig remain an independent entity, but he would accept a joint Polish-German protectorate in place of League control, and waive control of its foreign affairs; also consent to increased transit facilities but not a "little corridor" across the Corridor. Whether he would fight in case of a "cold putsch" is another question.

*Efforts at Mediation.* At the beginning of June the British Foreign Office, apprehensive of Poland being manouvered into the position of aggressor by sending armed forces against Danzig upon a mere proclamation of union with the Reich, urged the Polish Government in that case to delay action so that Britain might make clear to Germany that they would support Poland in resisting a "forcible or unilateral" solution, and might make preparatory military measures. To which Beck replied, what military measures. They should be such as to make Germany—and Poland—certain no compromise unacceptable to the latter was to be cooked up. At the same time the British Government urged the Pope to renew his efforts to restrain Berlin and Warsaw from upsetting the status-quo, and work out terms for the permanent solution which must be sought. Nothing came of this; and less than nothing came of later direct British suggestions to Mussolini. The July 1st rumours of a coup d'état brought from the British Government ten days later a public warning that in the event of a Danzig unilateral declaration, the issue could not be considered purely a local one; that Britain had guaranteed to aid Poland in the case of a clear threat to her independence which she considered it vital to resist, and would carry out the undertaking; of course, in a better atmosphere, minor improvements in the present status might be made:—a strong statement, but stopping short of saying that Britain would automatically fight if Danzig proclaimed itself part of Germany. At present the air is full of rumours of pending negotiation, but facts are few. The latest and most authentic report (July 14 in B. 247<sup>1</sup>) was that the Permanent F.O. Secretary in Berlin told Henderson Hitler was still hoping, a few days before, that the Poles would negotiate, but was not prepared to wait indefinitely. Who is to begin negotiating or offer mediation before August ends?

<sup>1</sup> Non reproduit/not printed.

## V. *The Outlook*

All that seems certain as to the future is the continuance of uncertainty. It is not yet clear whether peace can be maintained or whether if war comes the Anglo-French front has a sufficient margin of immediately available force to prevent great disasters to Bucharest and Warsaw—or to London and Paris.

The British people have shown a fine spirit in the pursuit of their New Policy. They have drawn on their reserves of strength, have revealed their old dogged courage, their mastery of finance and industry, their power of working together in free co-operation. They have regained abroad much of the prestige they had lost in their sacrifice of Czecho-Slovakia and their Spanish policy, and at home they have regained confidence,—to the point of jingo cockiness in some cases, but a quiet assurance in most. Some members of the Government have given effective leadership; Lord Halifax, whether or not one agrees with his opinions, must be recognized as sincere, reasonable, steady,—the best British Foreign Minister in years.

But the question is not whether the New Policy is well-meant or strongly supported. The question is, can it be carried out, is it succeeding? Was the policy within the capacity of Britain? Has it been carried out with competence and sureness? To these questions the answer is much more dubious.

*Effectiveness for War.* Walter Lippmann, a competent and extremely friendly observer, returning from a visit to Britain and France, thus sums up the situation (quoted in Winnipeg Free Press, July 15, 1939):

No prediction about Europe is possible at this time because no one knows which coalition is the stronger, because every one realizes that neither side has anything like a decisive superiority. The axis does not now have the power to impose its will. But the alliance does not as yet have the power to compel the axis to renounce its ambitions. The alliance has enough force to make another aggression very dangerous, but not enough force to make aggression so obviously and absolutely dangerous, that it cannot be attempted.

The situation has reached a point where the axis can probably not make another important conquest without provoking a general war. But it has not reached a point where it is clear to all that the axis could not win a general war. So it may be said that, if he proceeds, Hitler faces the risk of war. But it is not yet clear that he faces also the risk of defeat.

The coalition against him is now too strong to be intimidated. It is not yet strong enough to be invincible. Consequently, the issue of peace and war hangs upon the complex speculation and intuition of one man.

The New Policy is termed a reversion to collective security, a 'back to the League' policy. But the League, as a War League, is not there to go back to. The United Kingdom has made more than Covenant commitments just when the Covenant has faded away. It has outdone Article 10 and Article 16 in firm commitments when every great power except France is formally or practically out of the League, when Latin America is wholly aloof, when the states that once were the moral backbone of the League, Norway, Sweden, Denmark, Holland, Belgium, are firmly and passionately resolved on neutrality and no League or other war alliances.

The League being unavailable, the candidates for collective security have been sought in the hedges and by-ways of Europe. They have been selected not according to their moral steadfastness or even their military strength, but according to the danger of their position and in some cases their inability to help themselves or anybody else. Poland has courage and martial ability, but no industrial staying power, and it is ringed about by Germany or her satellites. Turkey is steadier and farther away. Greece and Rumania are liabilities not assets. To challenge Germany in her strongest and Britain's weakest point, and to rely on fickle Mr. Beck for stability, King Carol for moral fervor, and Stalin and Metaxas for the support of democracy, is another Charge of the Light Brigade.

The only means of securing a temporary balance of forces in the Eastern European field thus selected as the field of battle, was clearly to secure the immediate aid of Russia. By making sudden public and far-reaching commitments which it could not implement except by Russia's aid but without securing or even discussing any such assurance in advance, the British Government put itself at Russia's mercy. The London *Economist*, an early and fervent support of the New Policy, thus comments in the last issue, July 8:

A speedy alliance with Russia would, more than any one thing, set the seal upon the proof that Britain was willing and able to resist aggression by force. Its deterrent value might be decisive for peace. But the pact, after three months, is still only a hope. . . .

. . . In the three months that have elapsed since an Anglo-Russian agreement first became practical politics, however, both its character and its place in the general scheme of buttressing peace have considerably altered. Had it been concluded quickly in the last fortnight of March, it would have been a crushing rejoinder to the rape of Bohemia, which would have thrown the Nazis off their course and flustered their diplomacy. It would have put the initiative squarely back into the peaceful Powers' hands. Now, it is almost true to say that the chief importance of the negotiations lies not in the gain to be derived from their success but in the disaster that their failure would be.

The delay has not merely put a discount on the strategic value of the projected alliance. It has served to thrust Great Britain into a very weak, an almost humiliatingly weak, bargaining position. For this we cannot with justice put the blame on any shoulders but our own. . . .

The net effect now is that if we want a Russian alliance we must take it on Russia's terms. That is an unpalatable fact, since Russia's terms are naturally drawn up in Russia's interests, and Russia has not hesitated to huckster to her own advantage. But even on Russia's own terms, we must have the pact. Soviet Russia, it is true, is an entirely unknown quantity; her military strength, her policies and her ulterior motives are all unknown. But those who are still in doubt can make up their minds about the desirability of the alliance by asking themselves one simple question: Would they like to see Soviet Russia, unknown quantity though she is, in the hostile camp?

The *New Statesman* of the same date, declared:

History records no stranger piece of diplomacy than the overnight change of Mr. Chamberlain to a nominal acceptance of collective security, taking the form not of an alliance between the Powers which would give security, but of unilateral guarantees to the weaker States, while the State which alone gave the guarantees reality was excluded . . . . The explanation is that neither side has the least con-

fidence in the other. In Britain those who wish to bring pressure on Poland to give up Danzig think it will be easier to accomplish without a Russian alliance. . . . As it is, every German who is not fully informed (and Goebbels sees that few are), will be easily convinced that we and not Germany are the aggressors. For, as the pattern stands today, the Poles may decide to take action in Danzig to save their independence, while Britain and France would have to begin the attack in the West.

The fact is that the advocates of the New Policy have overestimated the power and prestige of Britain in the present-day world. They have failed to recognize the change in the world centres of material power in the past generation, or the decline of their former prestige and accepted leadership. They have consequently extended their forces and their diplomacy too thin, "exposed too wide a surface".

The most promising feature of recent British diplomacy, particularly from the Canadian angle, is the new recognition of the value and indispensableness of United States co-operation. Even so, they may err in assuming that any President, however dynamic, given the trends of opinion and the play of political forces, can guarantee to carry out the part they would wish in an alliance or even a "parallel front".

The New Policy has in some measure served the cause of peace. It has given the aggressors pause in Europe, though it has given aggression a safer run in Asia. It may achieve such an overwhelming show of force as to deter any overt action this summer. But the more explicit the commitments in Eastern Europe are *made*, the less becomes the possibility of mediation, the narrower the range of diplomatic action, the wider the explosion if it comes at all. Paris and London have lost their mobility of world action so long as they are tied to the Vistula. But behind the temporary barrier the New Policy has erected, it may yet be possible to work out some more permanent structure of peace, some more stable foundation for living together. That will need a reasonable or realistic attitude on the part of Hitler as well as Halifax, of Daladier as well as Mussolini.

982.

*Le consul général d'Allemagne au Premier ministre*  
*German Consul General to Prime Minister*

[Ottawa, n.d., 1939<sup>1</sup>]

I have been instructed to inform Prime Minister Mackenzie King that the Fuehrer desires to express to Mr. King his sincere thanks for his letter of February 1st. He has seen therefrom with satisfaction that Mr. King is glad to remember the meeting of Summer 1937. Also Herr Hitler thinks back

<sup>1</sup> La note suivante était écrite sur l'original/the following note was written on the original:  
"Handed to me by Dr. Windels at Laurier House on the afternoon of Tuesday, July 21st, 1939 at 3:15 o'clock.

W. L. M[ACKENZIE] K[ING]"

with pleasure to the visit and the interesting and inspiring conversation which was carried on at the time with a sincere endeavour towards mutual understanding.

In order to enhance and deepen this understanding and to convey it to other persons who may in future be called upon to become leaders in political life, Herr Hitler now invites a number of Canadian students and officers to a three weeks' stay in Germany. The guests are to establish contact with similar German circles during their stay in Germany; to journey through Germany, becoming acquainted at the same time with institutions in the most varied fields, which will convey to them an impressive picture of Greater Germany's newly-won strength and its will to peaceable constructive work.

The guests are not to travel by any means as an official delegation but as a private party, free from restrictions, conducted by expert German guides, the personal wishes of the Canadian guests to be given far-reaching consideration.

983.

*Le délégué permanent [SDN] au sous-secrétaire d'État  
aux Affaires extérieures*

*Permanent Delegate [L. of N.] to Under-Secretary of State  
for External Affairs*

Geneva, July 21, 1939

CONFIDENTIAL

My dear Dr. Skelton,

In my despatch No. 152 of the 17th July,<sup>1</sup> I enclosed a memorandum entitled "Collaboration of Non-Member States in League Activities."<sup>1</sup> There have been further developments on this subject in the last few days, and this morning I secured from Mr. Lester the latest information. Since the matter will certainly come before the Assembly and may give rise to considerable discussion, I am supplementing the information in the memorandum by this letter.

The Committee authorised by the Council in May to prepare a report will meet under the Chairmanship of Mr. Bruce in Paris on August 7th. The other members of the Committee will be Mr. Charles Rist (France), Mr. Harold Butler (United Kingdom), Mr. Hambro (Norway), Mr. Bourquin (Belgium), Mr. Tudela (Peru), and a Greek economist whose name I have forgotten. It is a strong Committee of independent persons and its report will command authority. I think that the report will go direct to the Assembly and not to the Council. It is not likely to be published until late in August.

When I last wrote the impression that I had secured from some senior officers of the Secretariat was that the Secretary-General intended to propose

<sup>1</sup> Non reproduits/not printed.



a drastic scheme, the effect of which would have been to remove the technical work from the control of the Assembly and Council and vest it in a new international body to which non-Member States could belong. Such a plan would have involved separating the budget for technical activities from that of the rest of the League, although the budget as a whole would still presumably have had to be voted by the Assembly, as is that of the International Labour Organisation today. Mr. Loveday has been a partisan of a plan of this sort and of an effort to bring it into effect this year. Mr. Lester, Mr. Jacklin and I think also Mr. Walters have thought that the dangers outweighed the advantages and favoured a more modest proposal. M. Avenol has made up his mind to support a less extensive scheme.

He does not intend to propose a cut and dried plan to the Committee. If he is asked for his views he will make suggestions along the following lines. He will propose that the Assembly should constitute a new Committee of Governments with about sixteen members. These would be elected by the Assembly but a few places might be filled by co-optation of the Committee itself in order to allow for representation of non-Member States. This Committee would take over from the Council all the Council's functions concerning the direction of technical activities. It would further be vested with a new function, that of drawing up the budget for technical activities in rather the same way as the Governing Body prepares the budget of the International Labour Organisation. The position and powers of the Assembly in respect to technical work would not be changed, although in fact the existence of an efficient co-ordinating committee of this sort might reduce discussion in the Assembly to some extent and ought certainly to facilitate the passage of the budget by the Fourth Committee.

With the technical budget prepared in this way, it would be a good deal easier for non-Member States to contribute. If the proposal went further, so as to involve a separate contribution from all participating States for the technical activities, it might lead certain Members to refuse to support the technical work; I have the Soviet Union especially in mind. Also the separation of the direction of technical work from the Council might make it easier for non-Member States to participate, since the new body would not be a political organ of the League. The Council, in fact, does not discharge efficiently its functions of directing technical activities and tends to leave too much to the Secretariat. There is something to be said for such a reform even without considering its possible effect on the collaboration of non-Member States.

I see few disadvantages in this plan and a number of advantages. It would not prevent the adoption later of a more radical scheme; indeed, it might lead up to it if necessary. I doubt whether more than this would be approved by the next Assembly.

Mr. Bruce's Committee may, of course, have other views, and may make either milder or more drastic proposals. Until their report is made, however, the scheme framed by the Secretariat is all that we have to go on. I

should add that they are anxious to avoid the production of a plan which would look like a hook baited expressly for the United States.

Yours sincerely,

H. H. WRONG

984.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 299

Ottawa, July 26, 1939

Sir,

I have the honour to acknowledge your despatch No. A. 162 of June 30, 1939, respecting the negotiations which have been going on between the British and Russian Governments for an agreement in the event of aggression.

As regards the question whether the British Government, before giving the Eastern European commitments, realised the consequent necessity of an agreement with Russia, a question treated as an open one in my previous despatch to which you refer, I note that your despatch appears to assume that this necessity was not realised.

Upon the essential point of my previous despatch—namely, that the course actually taken left Russia free to name its own price for an alliance—the subsequent negotiations with Russia speak for themselves. It may be hoped that the worst consequences of such a situation will not be realised, but for those who may have to pay the price it can not be other than a disturbing situation. As some evidence that this appears to be appreciated in Great Britain I have been struck by the articles on this subject which appeared in the London *Economist* of July 8th and *The New Statesman* of the same date.

I have etc.

O. D. SKELTON for the . . .

985.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*

*Secretary of State for External Affairs  
to High Commissioner in Britain*

DESPATCH 300

Ottawa, July 26, 1939

Sir,

I have the honour to acknowledge your despatch No. A. 163 of June 30, 1939.

There appears to have been some misunderstanding. My despatch to which you refer raised no question of anyone's sincerity. I was only concerned to furnish you an indication of the picture which the European scene of today

appears to present to many observers in this part of the world. Sir Ronald Lindsay's despatch afforded a convenient illustration in that connection.

That Europe is undergoing readjustments and will somehow or other undergo more is commonplace. The crucial question not yet finally answered, seems to be by what means and with what ultimate practical consequences will the European political system meet this necessity. In that region itself strong doubts have been very intelligibly entertained whether in the long run, or even in the relatively short run, the structure of their existing system is inherently capable of coping with the actual conditions without catastrophe; but, laying these aside, the question is, what kind of estimate and attitude are other peoples entitled to adopt respecting its immediate operations, apart altogether from any question of the sincerity of the operators.

In fact the immediate line, as indicated by your despatch and by many other expositions, appears to be in effect that all than can be done under the system at present is to strengthen armaments, alliances and the "diplomatic front". Questions of adjustment have to be postponed, so that, if and when taken up, they can represent a "lead from strength". This definition appears to be adopted by both camps in Europe. The other stock definition of the time for adjustments is "when international confidence has been established or restored", and this also means postponement. To undertake or permit adjustments now is to take a chance of precipitating or encouraging other adjustments not desired; accordingly that particular gamble must not be taken now. On the other hand, such a decision also involves a gamble, namely, that the playing from "strength" of both sides in the thickening atmosphere of emotion and counter-emotion engendered by the warlike preparations will have results equivalent to the establishment of "confidence", and that stable adjustments can then be made in some orderly way and timed at selected stages.

It is recognised as a gamble in either case, the main difference lying in the nature of the risks. The play that now holds the field, if it fails, appears to mean precipitating for Europe an unmanageable situation—or, at the least, a situation where the scope of statemanship and political management is reduced to the narrowest limits for an incalculable period. It also appears to involve the widest area and the most intensive scale of conflict that can be brought about. It is this aspect of the present operation of the European system which must have the chief interest for those responsible for safeguarding the position of other peoples.

The choice having been made in this sense, for the time being at all events, and apparently having the prospect of more and more popular endorsement in Great Britain and France, the lines of immediate propaganda will inevitably develop accordingly. Because of what failure of this choice may involve, action, exposition and propaganda alike will be obliged to concentrate on warlike activity and preparation, including the enlistment or persuasion of the greatest number of outside peoples, and to sidetrack or burke the discussion of any constructive action concerned with specific adjustments, however much

the operators themselves realise that the actual conditions of European life and society may call for readjustment.

This is the immediate picture that appears to be presented. The statement that all that can be done is to produce a situation where a "lead from strength" can be made may well be true. But if it is true, it has to be noted that it is no more than a description of a position arrived at; it says or argues nothing either about wisdom or about ultimate consequences. In essence it represents an estimate that appears to be indistinguishable from saying that the European "settlement", if and when arrived at and whatever its form, must be a dictated settlement, maintained by the forces of one side or the other. No one yet appears to have pointed out any substantial distinction, and there is no sign of any real plan affording ground for believing there is any such distinction.

The wide acceptance of the choice by both leaders and peoples may prove that the picture is regarded by Europe as a natural one; but it proves nothing more. They have so long had the habit of thinking Europe the centre and essential part of the world that they may have great difficulty in appreciating how extraordinary the spectacle must appear to others not participating in the process. These, with their memories of the last European "settlement", cannot evade the responsibility of forming and backing their own estimates of a system which has produced such a position as now obtains, carrying both leaders and peoples with it.

Canada retains in significant measure her technical dependence upon the European system. Historic sentiments will command great sympathy for the men responsible for facing the problems with which the operations of that system have now confronted them. On the other hand, the condition has to be faced that the actual dependence of Canadians and their life and society upon the *status quo* in Europe has in fact undergone significant changes in the circumstances of the world of today, and in such a period no one can confidently predict the nature and impact of further such changes. Their attitude toward the situation must be different in kind and not merely in degree from that of the actual members of that region—as in fact it has been in all sorts of ways—and the differences must have significant practical consequences. At the moment this condition obliges those responsible for safeguarding the Canadian national life to maintain as objective an attitude as possible, and this is not the less so because they have no place in determining the operations of the European system. They have neither duty nor necessity to endorse the system or its operations at any stage, and their own responsibility obliges them to treat with great reserve the estimates and expositions that may be put forth regarding such operations, whether the perpetuation of the system and its methods are professed to have some necessary or desirable connection with the "cause of democracy" or whether they are concerned with less abstract and elevated causes.

I have etc.

O. D. SKELTON for the . . .

986.

*Le ministre aux Pays-Bas au secrétaire d'État aux Affaires extérieures*  
*Minister in Netherlands to Secretary of State for External Affairs*

DESPATCH 64

The Hague, August 4, 1939

Sir,

I have the honour to inform you that on the general international situation in Europe, I gather the opinion, from conversations with prominent Belgian statesmen in Brussels and with Dutch statesmen and Foreign Office officials in The Hague, that in their view there is no reason for serious alarm, at least for the present.

They are impressed with the growth of the so-called peace-front and the prospect of co-operation, in whatever political form, of Soviet Russia. They report that the German observers who watched the British and French mass air demonstrations both in London and Paris have returned to Germany convinced that the entente Powers are actually "prepared for business" and for joint action. The seemingly leisurely manner in which the Dutch Government is being reconstructed after nearly five weeks of ineffective party manœuvring, also seems to indicate that no grave alarm exists as to an imminent crisis; otherwise the Queen would doubtless expedite the formation of a new Government and the suspension of party disunity as King Leopold did in Belgium under similar circumstances at the time of the March crisis.

Nevertheless, this general attitude does not preclude an anxiety over possibilities of a crisis in August or September; and the statesmen of both The Netherlands and Belgium are diligently watching the uncertain course of events in Europe or abroad and the preparation of the Nuremberg Congress, some having expressed the opinion that Herr Hitler might try to take a fresh initiative, or register a new success in the international field for consolidating his prestige.

I have etc.

JEAN DÉSY

987.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

August 11, 1939

*Consul General of China—Situation in the Far East*

Mr. Shih, who had requested to see me, came to the Department today, to convey very briefly certain views of his Government on the existing situation.

<sup>1</sup> L. Beaudry au Premier ministre/L. Beaudry to Prime Minister.

He first referred to his conversation with the Prime Minister in April last during which it was "hinted" by the Prime Minister that the question of any action which might be taken towards Japan should be envisaged in the light of action by other countries.

In this connection, his Government at this stage thought that the existing situation might be considered by the Canadian authorities in the light of the action taken by the United States authorities in denouncing their treaty with Japan, since the effect of such denunciation, if it is to be followed either by punitive measures or by the establishment of an embargo, might be defeated to some extent by the absence of any action by Canada; i.e. Canadian ports and territory could be used by Japan as a back door.

The next point was that, in the opinion of his Government, the question of action to be taken should be considered in terms of the "balance of powers", by which I understood him to mean that, in the present state of the world, the British Commonwealth of Nations and China may be looked upon as standing as it were "together".

Mr. Shih did not elaborate these two points. Nor did he request any expression of views on the part of the Canadian Government, realizing that, as stated by the Prime Minister at Toronto a few days ago, the Canadian Government would not commit themselves on hypothetical issues. I told Mr. Shih that I would convey his views to the Prime Minister.

988.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

DESPATCH A. 200

London, August 11, 1939

SECRET AND CONFIDENTIAL

Sir,

I have the honour to refer to my secret and confidential despatch No. A. 190 of July 28th,<sup>1</sup> and to previous correspondence regarding the course of British foreign policy.

2. The past week has, as you know, seen a revival of difficulties between the Senate of Danzig and the Polish Government over the question of the status of Polish customs officials in Danzig. While there is no necessity to enter into the details of this dispute, which have been treated fully in the

<sup>1</sup> Non reproduite/not printed.

press, I believe that some further information regarding the attitude of the different Governments and individuals concerned may be of importance in view of the possibility that a crisis of the first magnitude may develop over some aspect of the Danzig problem in the near future. To some extent the present dispute over the Customs question may perhaps be regarded as a rehearsal for this larger crisis.

3. German policy over Danzig during the last few weeks has shown signs of uncertainty. The Danzig authorities, under orders from Berlin—or rather Berchtesgaden—have apparently been feeling their way to see just how far they can go without coming up against a strong Polish reaction. An example of this is the statement made to the Polish Commissioner General by the President of the Danzig Senate that if the Polish Government put into effect any economic measures directed against Polish exports the Free City might reply by entering into a Customs union with Germany. M. Chodackai appears to have replied that the declaration of such a Customs union would mean war. The Polish Foreign Minister when discussing later with the British Ambassador the project of a Customs union, confirmed M. Chodackai's attitude by implying that if such a union had been declared the Polish Government would have taken military action.

4. The tentative threat of a Customs union appears to be one of a number of plans which may have been under contemplation in Berlin for entering a German wedge into Danzig. The holding of a plebiscite in Danzig on the issue of the return to Germany, the return of the Free City by a vote of the Senate, are other projects which may have been considered during recent months. As each of these schemes has made its appearance they have been met with the same firm Polish attitude. It remains to be seen whether Germany will indulge in another test of strength or whether the whole question of Danzig will be allowed to simmer for the time being.

5. In this connection the British Ambassador at Berlin sent to the Foreign Office on August 5th his analysis of the present situation in Germany, with particular reference to the Danzig problem. Sir Nevile Henderson believes that public opinion in Germany is now resigned to the fact that war must be contemplated as a possibility, although faith is still placed in Herr Hitler's ability to secure his objectives without resort to arms. Propaganda is particularly directed against England, as, if the issue were one of a war against Poland for the liberation of Danzig, no artificial stimulus would be required. The possibility of hostilities against England is not relished by the man in the street, and for that reason the Propaganda Minister is directing his energies to pointing out that Great Britain is Public Enemy No. 1. This campaign appears to be having considerable effect.

6. Sir Nevile Henderson thinks that in the event of insuperable difficulties as regards Danzig there is a possibility that Hitler might have a diversion in the direction of Hungary or Roumania. If, on the other hand, the Führer determines to secure the return of Danzig to Germany this year he will

attempt to do so without a war, and if war comes he will make every effort to represent Germany as being in the position of the attacked party. The British Ambassador thinks that in German eyes the danger of Poland herself forcing the issue is a real one. Whether from offensive or defensive motives, however, one and three-quarter million men will be under arms by August 15th in Germany. The garrisons in East Prussia have been strongly reinforced while military activities on the German-Polish frontier, though attributed to normal manoeuvres, have assumed exceptional proportions.

7. In Sir Nevile Henderson's view there is a risk that the Anglo-French-Soviet military discussions, with their bearing on the German strategic position in the East, may induce Herr Hitler to take action before any such military alliance is definitely concluded. In any case, he will not be in a position at the Party Rally on September 2nd to announce to his people that he has attained Danzig by peaceful measures. He may wait until Nuremburg to set forth his peace terms, and Sir Nevile does not exclude the possibility that Hitler may simply take the line at Nuremburg that Danzig is bound sooner or later to return to Germany, but that in the interests of peace he does not intend to force the pace. Sir Nevile emphasises the unpredictable character of Hitler's policy and his practice of waiting upon events.

8. The British Ambassador's report was made on August 5th and, from later communications, it appears that he is now of the opinion that Herr Hitler's attitude is hardening, particularly in view of press comment in England and Poland over the so-called "climbing down" of the Danzig Senate in the recent dispute. Sir Nevile Henderson feels that the attitude of the Polish press in this matter constitutes a definite danger to peace.

9. As far as the Polish attitude to the Danzig problem is concerned, M. Beck has expressed the view to the British Ambassador that he is pleased with the result of the Polish *démarche* over the question of Customs officials in Danzig and hopes that the energetic manner in which the interference of the Senate was tackled will have a beneficial effect on the Danzig situation. He has repeated that should a situation arise which makes Polish military action necessary he would give the British Government ample warning.

10. The British Ambassador at Warsaw saw the Vice-Minister for Foreign Affairs on August 8th, and suggested to him that it would be impolitic further to envenom the situation by a continuance of the present war of notes with the Danzig Senate. The Vice-Minister assured him that there was no intention of replying sharply to the Senate and that the Polish Government were fully alive to the necessity of not making the situation more difficult by using unnecessarily energetic language.

11. As far as the immediate outlook on the Danzig question is concerned, the British Ambassador at Berlin suggests that from the German military point of view the critical periods for action are more likely to be from now onwards until shortly before the Tannenberg celebration on August 27th and



shortly after the conclusion of the Party Rally on September 11th rather than during the intervening period (i.e. between August 25th and September 15th), as it would be technically difficult for the German railway authorities to undertake transportation for the Party Rally and mobilization simultaneously without causing a serious dislocation in the whole railway system.

I have etc.

VINCENT MASSEY

989.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR DESPATCH B. 71

London, August 18, 1939

SECRET

Sir,

With reference to my secret Circular despatch B. No. 55 of the 22nd June, regarding the representation of United Kingdom interests in an enemy country in the event of war I have the honour to state that His Majesty's Government in the United Kingdom have recently had under consideration the treatment to be accorded to enemy consuls *de carrière* and unsalaried consuls of enemy nationality on an outbreak of war. Although the normal international practice in this matter is that no obstacle should be placed in the way of the departure of such consular officers, indications have recently been received that the German Government are in fact contemplating in the eventuality under consideration the detention of certain at least of His Majesty's Consular officers in Germany. In these circumstances, it is considered that, in the event of war, His Majesty's diplomatic representatives in the enemy country should, before leaving his post, inform the enemy Government that His Majesty's Government in the United Kingdom intend to follow the usual international practice, and permit enemy consular officers to leave the United Kingdom; and that they will issue those consular officers with a special pass, permitting them to leave the United Kingdom as soon as they receive from the enemy Government an assurance that the same treatment will be accorded to British consular officers in the enemy country. A similar notification will be made to the enemy representative in London. Arrangements are being made to ensure that no enemy consular officer shall leave the United Kingdom unless he is provided with a special pass to be issued from the Foreign Office.

I have etc.

T. W. H. INSKIP

990.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

TELEGRAM 72

Washington, August 22, 1939

IMMEDIATE. CONFIDENTIAL. Discussed Soviet-German Non-Agression Pact with Chief of Division of Western European Affairs in State Department, who informed me that announcement had come as a complete surprise and was obviously a great shock. In his opinion the Agreement probably implied mutual recognition of sphere of influence in or future annexation of certain parts of Poland. There had not yet been time to receive comments from their representatives abroad.

991.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 301

London, August 22, 1939

IMMEDIATE. SECRET. After Cabinet meeting here today Secretary of State for Dominion Affairs asked High Commissioners to meet him. Parliament, which you will have seen by the press is to be summoned at once, will pass Defence of the Realm Act forthwith. All evidence available at Foreign Office points to very critical period between August 25th and August 28th during which time German military measures against Poland may take place. Feeling of gravity in official circles here has intensified greatly in last few days. No general mobilization is to be ordered in the United Kingdom as yet but several classes in the army are to be called up at once, navy is practically on war footing now, airforce nearly so. It is reasonably clear that the brake which Mussolini has endeavoured to apply to Hitler has failed. Great mystery still surrounds question of proposed Moscow-Berlin non-aggression pact. Seeds has been instructed to enquire regarding its significance. Military talks in Moscow had been proceeding satisfactorily until announcement of non-aggression pact was made today. Talks now suspended until situation clarified. It is not known whether Ribbentrop has left for Moscow to negotiate pact or to sign pact already negotiated. Soviet Ambassador here stated today privately that recent non-aggression pacts negotiated by Soviet had contained escape clause releasing Soviet from obligations if other party were guilty of aggres-

sion against third state, and expressed his view that pact with Germany would contain such article and that situation has been little changed. On the other hand the choice by the Soviet of this hour to announce the pact is very disquieting and makes it difficult to accept their good faith.

You will receive shortly from Dominions Office a press statement being issued tonight intended to make clear again British Government's determination to honour pledges given to Poland.

992.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 22, 1939

The press news this morning of the decision of Germany and Soviet Russia to conclude a non-aggression pact means the collapse of the Anglo-French house of cards in Eastern Europe.

It is not wholly unexpected (you had feared some such deal all along), but it is still almost incredible that it could have happened without any knowledge or anticipation on the part of London or Paris.

It is a crushing condemnation of the handling of British foreign policy. Not only Chamberlain and his Government, but even more so, Churchill and Eden and the Liberal leaders who have been egging the Government on, must share the responsibility for the greatest fiasco in British history.

It had been obvious since the sudden reversal of British policy in March that they had made commitments which they could not possible carry out without the aid of Russia and that their tactics had made it practically impossible to secure Russian aid on any reasonable terms. But that they should have been fooled for five months is difficult to understand.

English journals like the *New Statesman* and the *Spectator* for the last week or two have been indicating for the first time (but too late) an uneasy feeling of the necessity of framing peace terms before rather than after the war.

London is faced with the alternative of throwing Poland and Rumania overboard, or of entering a war in which she cannot possible [*sic*] save them.

This week's news will, I think, finish all United States idea of intervention in Europe on the side of the "democracies".

Japan has been thrown in the lurch by Germany just as Britain and France have been by Russia.

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<sup>1</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

993.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 281

London, August 23, 1939

SECRET. Following for your Prime Minister, Begins:

*France*

1. Rumours having reached His Majesty's Government of a movement in France to force Italy to take sides in case of war rather than observe a benevolent neutrality towards Germany, French Government has been informed of our desire to be fully consulted before any such anti-Italian action is taken.

*Italy*

2. A considerable number of naval conscripts and reservists have been called up; leaves stopped in Rome; surprise mobilization and anti-submarine barrage reported from Tripoli; and combined operations of Naples Army Corps, Navy and Air Force, are expected next week.

*Germany*

3. Military concentration is now in progress; large scale troop movements being reported from Berlin and Vienna in the direction of Pomerania, Silesia and Slovakia.

4. Press continues to attack Poland instancing maltreatment of German minority and maintaining that Danzig and the Corridor remain unconditional German demands at any conference.

*Russia*

5. Soviet press communique on Commercial Credit Agreement with Germany is accompanied by press statements indicating its importance in paving the way for the non-aggression pact and political conversations with Ribbentrop in Moscow.

6. According to United States information, German Government gave M. Stalin an assurance that it had no aggressive intentions towards or conflicting with Soviet Russia from the Baltic to the Black Sea; was ready to discuss any territorial question in Eastern Europe; and wished to negotiate in Moscow at once. Without informing British or French Ambassadors M. Molotov agreed conditionally with German Government to political conversations for:

- (a) Conclusion of a non-aggression pact;
- (b) Cessation of any direct or indirect encouragement of Japanese aggressive tendencies in the Far East;
- (c) Regulation of mutual interests in the Baltic.

7. His Majesty's Government have asked Soviet Government for an explanation of the press announcements and an indication of their attitude towards the Anglo-Soviet negotiations.

8. M. Beck considers that the German-Soviet announcement has not materially altered the situation or Poland's attitude since the Soviet Government have obviously been playing a double game for some time past.

9. Franco-Polish Credit Agreement for 430 million francs has been signed at Paris.

#### *Danzig*

10. Congress of lawyers, now being attended by German delegates, may take some such first step as declaring the Free City to be legally part of Germany.

#### *Finland*

11. Finnish Minister stated in a speech that assistance or guarantees except at Finland's own initiative or request could not come into the question.

994.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 24, 1939

#### A BRIEF APPRECIATION OF THE NEW POSITION OF JAPAN

(I) Prior to the announcement of the new rapprochement between Germany and the U.S.S.R. Japan was linked with Germany, Italy, Spain and Hungary in the anti-Comintern Pact and an active campaign was being waged in Japan by a strong element in the Army and the Government which wished to translate this passive ideological union with the Axis Powers into a solid military alliance. Such an alliance, if consummated, would—in return for value promised—give to Japan an assurance of aid in the coming “inevitable” war with Russia.

(II) Now, apparently without warning, Japan finds that even the Pact itself has become an anomaly, an historical relict with little contemporary significance. It is inevitable that such an alteration in the attitude of Germany with its correlative change in the position of the U.S.S.R. must result in a serious re-examination of the implements of Japanese foreign policy by the Government in Tokyo.

(III) No change is to be anticipated in the major objectives of Tokyo's foreign policy for these objectives arise naturally from the geographic and historic background of modern Japan. These objectives are:

A. Freedom of access to the supplies of raw materials and to the markets of China. If necessary direct political and military control over that country.

<sup>1</sup> De/by H. L. Keenleyside.

B. Elimination of Russia as a military or naval rival in the Far East by the seizure of the Maritime Province Sakhalin and Eastern Siberia through victory in a new Russo-Japanese war.

C. De facto Japanese control over the islands of the south western Pacific (excluding Australia and New Zealand for the present at least) and over Siam and Indo-China.

D. Access to foreign markets for Japanese manufactured goods.

E. Friendship with one or more of the major powers of the West (France and the U.S.A. 1870-1900); Great Britain 1903-1921; Germany 1935- ).

(IV) The action of Germany in signing the new pact with Russia will probably have no clear or immediate effect upon Japan's effort to attain control of China, nor will it alter Japan's interest in the South or her drive for world markets.

(V) But the new agreement between Berlin and Moscow will tend to give Russia greater security in the West and consequently greater freedom of action in the East. It is reasonable to believe that the Japanese will, therefore, be now less inclined to follow a policy that may provoke war with Russia than has heretofore been the case. The Japanese War Office has never failed to recognize the advantage of having Russia preoccupied in the West when the Imperial legions march North from Tsinking.

(VI) The Japanese Government has been very conscious of the fact that the course it has followed since 1931 alienated the sympathy and indeed provoked the positive hostility of the peoples of the most powerful nations of the Western World (including, at first, both Germany and Italy). It was in an effort to offset the danger inherent in this universal hostility and to strengthen the Japanese hand in the eventual struggle with Russia that Tokyo took advantage of subsequent developments in Europe to negotiate and conclude the Anti-Comintern Pact. But now, if not the Pact itself, at least the implications that accompanied it have been destroyed. Japan is without any friends upon whom she can rely, not only in the expected war with Russia, but in the present conflict in China. If war should eventuate in Europe the latter fact will be comparatively unimportant but if some peaceful solution of the Polish question can be worked out Japan's position even in China will be gravely weakened because European peace will give Britain and France greater freedom in dealing with Japanese attacks upon their interests in China.

(VII) The alternatives before the Japanese Government are as follows:

A. They may attempt to "save face" by accepting the German-Russian Agreement as merely a practical arrangement between the two powers signifying nothing more than the non-aggression agreement already in existence between Italy and Russia and therefore as being not incompatible with the Anti-Comintern Pact. All talk of a military

alliance will probably be dropped but a formula may be found which, however unsatisfactory in reality, will preserve the appearance of friendship between Tokyo and the Axis Powers. This would seem to be the most probable development.

B. Starting from the basis outlined in "A" Japan may then seek to wean Germany away from her Russian engagements and to recreate and even extend the old understanding which made the Anti-Comintern Pact so much more significant than its actual terms seemed to suggest.

C. The Government may be so annoyed by the loss of face which Japan has suffered that it will gradually work away from its entente with Germany and sufficiently modify its actions and policies in China to permit of an improvement in relations between Tokyo and Washington and London.

(VIII) If war in Europe *does not* supervene it would seem to be probable that Japan's foreign policy during the next six months will be marked by:

A. A temporary abandonment of provocative action on the Manchukuo-Russian border.

B. An actual if not a formal cooling of Japanese enthusiasm for her German and Italian partners.

C. Concentration upon the problems presented by the "China incident".

(IX) If war *does* eventuate the Japanese can be expected to profit commercially to the full extent of the nation's capacity to produce and sell goods both through trade with the belligerents themselves and through the capturing of markets which the warring nations can no longer supply. As the war develops the Japanese, being free from any excessive emotional preoccupations, may be expected to choose the side that is likely to win and to sell their services at the highest price that can be extracted.

(X) Thus in the case of war it is to be anticipated that the Germans and their allies on the one hand and the British and the French on the other will concentrate every available influence in their efforts to win Japanese support. In such a competition the Germans will have two tremendous advantages. In spite of their recent action in establishing more friendly relations with Russia they will still be more popular than the British or the French. Moreover, the Germans are respected as a strong and expanding people of tremendous military capacity whereas the British (and the French) are, in general, looked upon with something approaching scorn. The average Japanese, and even many of those who are well above the average, believe that the British day is nearly done while German power has yet to reach its zenith. The one great factor that may keep the Japanese from betting too heavily upon the German cause and against the British is the possibility that the U.S.A. may help the democracies. British representatives in Japan, when the auction begins, will have to use this possibility as their strongest argument for Japanese support.

995.

*Le secrétaire d'État aux Affaires extérieures à la légation en France<sup>1</sup>*  
*Secretary of State for External Affairs to Legation in France<sup>1</sup>*

TELEGRAM 61

Ottawa, August 24, 1939

IMMEDIATE. SECRET. In view of possibility of war, we are sending the following instructions:

(a) You will be informed of outbreak of war in which Great Britain is a belligerent by a telegram containing the word "print" followed by name of enemy power or powers. You will at once acknowledge receipt of this telegram by telegraphing to me the word "store".

(b) You will be informed of entry of Canada into state of war by a telegram containing the word "transfer" followed by name of enemy power or powers. You will at once acknowledge receipt of this telegram by telegraphing the word "aspect."

(c) In the event of both decisions being reached simultaneously, the words "print" and "transfer" will be sent in the same telegram. In that case, acknowledge receipt by telegraphing word "annual".

(d) The special code words set out in this telegram and the name of the enemy power will be sent en clair when the time comes to use them.

996.

*Mémorandum<sup>2</sup>**Memorandum<sup>2</sup>*

SECRET

August 24, 1939

ALTERNATIVE CANADIAN PROCEDURES  
 IF GREAT BRITAIN BECOMES AT WAR

*Alternative A.* Recognise that Canada has belligerent status at once. Proclaim the War Measures Act on the basis of a status of "war". Pass Defence of Canada Regulations and other appropriate O.C.s [Orders in Council]. Put the War Book into effect, departmental action to follow accordingly. All this is limited to the defence of Canada, internal security, censorship, and only economic measures against the enemy, plus internments so far as considered necessary. Call Parliament to provide funds for these measures and to consider what more if anything should be done.

*Alternative B* would apparently mean declining to recognise that Canada has belligerent status at the outset and would leave it to Parliament by positive vote to direct the Government to declare war on Germany—thus contem-

<sup>1</sup> Ce télégramme fut expédié aux missions à Tokyo, à Genève, à Bruxelles et à La Haye.

This telegram repeated to missions in Tokyo, Geneva, Brussels and The Hague.

<sup>2</sup> L. C. Christie à to O. D. Skelton.



plating an interval during which Great Britain was at war but Canada was not regarded as at war. The War Measures Act would presumably be proclaimed on the basis of a status of "apprehended war, invasion or insurrection". On this basis the D. of C. Regulations, other O.C.s, War Book and departmental action might be put into effect to the same extent as under Alternative A, or with modifications in some cases if considered advisable. A good summary view of what this would actually involve may be had by considering the Table of Contents of the War Book, a copy of which is attached hereto.

What would Alternative B involve politically? It would mean asking Parliament to approve a positive, separate declaration of war by Canada against Germany. To sustain this you ought to be in a position to assert that an issue has been drawn directly between Canada and Germany, which negotiation between Canada and Germany has failed to settle, and to produce a White Book containing the steps in such direct negotiation. It would mean you would have to frame the issue on which you proposed to fight—the terms without which you would not make peace and a description of your relations with your partners and Allies in the fight. We could not do these things. Practically all we could do would be to produce the British White Book or Books, and also the British statement of the issue. It would mean giving them and the whole conduct of British diplomacy a formal, explicit endorsement and asking for a positive vote of Parliament to that effect. The consequences of such a procedure internally are for consideration. The consequences externally might in effect be far-reaching, affording grounds upon which the Government might be pushed into extravagant positions regarding the form and extent of our participation in the conflict and ultimately in any peace discussions. In shaping Alternative B various formulas and reservations might perhaps be invented with the object of avoiding these consequences and implications, but it would be a highly complicated business and it must be regarded as extremely doubtful whether it could be done effectively and successfully. There would be much unreality and many incongruities about the whole operation.

Alternative A seems the preferable course in spite of the distaste it might cause in many quarters. It avoids formal, explicit endorsements, whatever may become politic to say in speeches. It simply accepts the position of the Balfour Memorandum of 1926 and the Statute of Westminster. That work of systematisation made certain provisions for peacetime functions and relations, but avowedly it did not attempt to cover the war situation. On balance, so far as procedure (not practicality) is concerned, it seems best to let the central legalities take their course. There is the great danger that any attempt to improvise hurriedly a procedure designed to represent an "advance" in our position would in practical consequence represent a retrograde and even disastrous step. At such a time as this the safest course is that which allows the greatest flexibility and leaves the most doors open, and against this there appears to be only certain considerations concerning status which are themselves of highly doubtful real value.

[PIÈCE JOINTE/ENCLOSURE]

SECRET

April, 1939

## CANADIAN WAR BOOK

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997.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 78

Paris, August 24, 1939

Sudden announcement of negotiation of Non-Aggression Pact between Germany and Soviet Union has caused bewilderment here. On receipt of news that Pact was about to be concluded French Cabinet met but no decision taken to summon Parliament.

Following prolonged meeting of Cabinet and Military Chiefs last evening, at which latest reports from French Missions in Berlin and Moscow were considered, communiqué was issued stating "In view of international situation Government had decided to complete military measures already taken by calling up an additional contingent of reservists." Early this morning two classes of reservists were called up by Proclamation. Number of men called up is kept secret, but class(es) affected are older men who will serve to guard vital centres and communications. Same classes were among those called up in September last year. Military moves thus far appear to be confined to precautionary defensive measures. The nation realizes gravity of situation but remains calm.

998.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM C. 15

London, August 25, 1939

IMMEDIATE. Defence. Defence Act passed and extended to Colonial Dependencies.

999.

*Le secrétaire d'État aux Affaires extérieures*  
*au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs*  
*to High Commissioner in Britain*

TELEGRAM 257

Ottawa, August 25, 1939

IMMEDIATE. CODE AND EN CLAIR. Following statement issued to press by Prime Minister Thursday evening, August 24, Begins:

The Government are continuing to give the closest attention to the grave developments in the European situation in the light of information being received.

As stated yesterday, should it become apparent that the efforts to preserve the peace of Europe are likely to be of no avail, parliament will immediately be summoned.

The Government have been proceeding with complete unanimity in outlining the policy which they will announce the moment parliament is summoned, should that step become necessary. Meanwhile, all possible precautionary measures are being taken to meet whatever eventuality may arise.

Today's sessions of the Cabinet have been devoted largely to the further consideration of such measures as would require to be put into effect in the event of emergency both in relation to actual defence and in relation to trade and industry. Ends.

Please mail copies to Paris, Brussels, The Hague and Geneva.

1000.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 307

London, August 25, 1939

**MOST IMMEDIATE.** Have just left meeting with Secretary of State for Foreign Affairs with High Commissioners. There is little fresh news tonight except that Polish Ambassador at Berlin has seen the German State Secretary today. Result of conversation not yet known. Roosevelt's approach today to Italy rather like flogging a willing horse as Mussolini is apparently doing what he can. Halifax believes that Germany has not yet entirely closed the door on negotiations based on April 28 terms and believes the Poles still willing to negotiate. Some comfort can be derived from the fact that Hitler has not yet announced the time-table as was the case last September. Mussolini reported to have given next week-end as the date of the German action against Poland. Effect of Russian-German pact on Japan reported as very salutary.

MASSEY

1001.

*Le ministre en France au secrétaire d'État aux Affaires extérieures  
Minister in France to Secretary of State for External Affairs*

TELEGRAM 79

Paris, August 25, 1939

My telegram No. 78. French Government has called up additional classes of covering troops and has taken over control of firms and workers engaged in production of arms. Under terms of Decree requisitions for vehicles, cars and buses have been taken over by Army. French railways placing trains at

disposal of those desiring to leave Paris and Government has invited all persons whose presence in city is not absolutely necessary to take advantage of offer while trains are available.

British Consulate is advising tourists and others without special business or domiciled in France to return to Great Britain. United States Consulate advised its nationals who have no compelling reasons to stay in France to return to United States. Many Canadians in Paris district asking for advice. Have called their attention to French Government's suggestion respecting desirability of leaving Paris and advised them to take advantage of it but have given no advice respecting question of returning to Canada.

1002.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

TELEGRAM 80

Paris, August 25, 1939

SECRET. In present circumstances feel should cable following impressions gained from informal and unofficial conversation with French Foreign Office official.

German war machine is now set up in motion against Poland and hostilities are expected to start within 48 hours. Feeling is that Germany will not take initiative in attacking France or Britain but will wait until she is attacked in order to prove to the German people that they are defending themselves against attack by Western Democracy.

Impression is that Italy is preparing to remain neutral with approval of Germany. No important mobilization has yet taken place on Italian side of frontier with France.

1003.

*Le Premier ministre au Reichsführer d'Allemagne<sup>1</sup>*  
*Prime Minister to Reichsführer of Germany<sup>1</sup>*

TELEGRAM

Ottawa, August 25, 1939

The people of Canada are of one mind in believing that there is no international problem which cannot be settled by conference and negotiation. They equally believe that force is not a substitute for reason, and that the appeal to force as a means of adjusting international differences defeats rather than furthers the ends of justice. They are prepared to join what

<sup>1</sup> Le même message fut expédié au président de la République de Pologne.  
Same message sent to President of the Republic of Poland.



authority and power they may possess to that of the other nations of the British Commonwealth in seeking a just and equitable settlement of the great problems with which nations are faced.

On behalf of the Canadian people, but equally in the interests of humanity itself, I join with those of other countries and powers who have appealed to you, in the firm hope that your great power and authority will be used to prevent impending catastrophe by having recourse to every possible peaceful means to effect a solution of the momentous issues of this period of transition and change in world affairs.

1004.

*Le Premier ministre au chef du gouvernement d'Italie*  
*Prime Minister to Chief of Italian Government*

TELEGRAM

Ottawa, August 25, 1939

At this critical moment in the history of the world I wish, on behalf of the people of Canada, to join in the appeals which have been made to you to use your great power and influence to ensure a peaceful settlement of the issues that threaten the peace of mankind.

The people of Canada are firmly convinced that it should be possible, by conference and negotiation, to find a just settlement of all existing problems without resort to force. They are prepared to join with the peoples of other countries in doing all in their power to achieve this end.

1005.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

August 25, 1939

CANADA AND THE POLISH WAR

*A Personal Note*

Europe is on the brink of war and Canada is apparently preparing to join in the stampede over the edge. A conflict may possibly be averted by a Polish retreat, but that will not alter the facts as to the potential attitude of Canada or the diplomatic methods of Britain. I wish therefore to record at this stage some brief personal observations on the situation.

*First:*

The first casualty in this war has been Canada's claim to independent control of her own destinies. In spite of a quarter century of proclamation and achievement of equal and independent status, we have thus far been

<sup>1</sup>O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

relegated to the role of a Crown colony. We are drifting into a war resulting, so far as the United Kingdom's part is concerned, from policies and diplomatic actions initiated months ago without our knowledge or expectation. An Ottawa paper has gloated over the fact that the foreign policy of Canada is in the hands of the Prime Minister of Great Britain; it has not yet called attention to Inskip's sideshow, "the Dominions Office as the Foreign Office of the British Empire". If war comes in Poland and we take part, that war comes as the consequence of commitments made by the Government of Great Britain, about which we were not in one iota consulted, and about which we were given not the slightest inkling of information in advance. The British Government with bland arrogance has assumed that whatever its policy, whether it be appeasement or challenge, pro-Russian or anti-Russian, pro-Italian or anti-Italian, a Western European policy or an Eastern European policy, we could be counted on to trot behind, blindly and dumbly, to chaos. It was one of the more modest members of the Chamberlain family, Austen, who, in speaking of the Locarno Agreement in 1935, expressed agreement with the view that formal consultation in Councils or otherwise with the Dominions would hamper Britain: she could go ahead in the assurance that if Great Britain got into peril, all the Dominions would stand behind her.

Sir Austen's view may be right as regards the present instance. Wide sections of Canadian opinion are prepared to accept the Polish policy and its consequences. This is partly due to a strange combination of forces in Canada. Imperialists and Communists have joined collective sanctionists and refugee sympathizers in acquiescing in the British course; London and Moscow, Geneva and Jerusalem have been our capitals rather than Ottawa. Many have accepted the clichés about freedom which are conveniently ignored when Britain does not consider her interests are involved, and are pressed with all the conviction of moral and gentlemanly superiority when they are considered involved. Impetus has been given by the genuine hatred of Hitler and of what he and his Nazi gangsters stand for. I fully share the detestation of Nazi and all other totalitarian barbarism. Sentiment as well as reason leads me to wish to see Britain retain as strong and secure a place in the world as actual realities make conceivable. I have therefore no exception whatever to such factors entering into the deciding of Canadian policy, along with equal consideration of the special factors in Canada's North American position. My objection is to our fate being determined without any participation or agreement on the part of the Government of Canada in the commitments made, being determined by policies and decisions of other governments without even the polite formality of consultation. Whatever the outcome of this war, if it comes, and whatever portion of our present civilization and freedom and our present empires and maps of Europe, survive it, it might at least be assumed that this subordinate relationship will not survive. (But we assumed this in 1919).

But it is not merely a question of Canadian interests or Canadian independence. It is a question of British competence, of the wisdom of the

guides who have assumed control of our destinies. Does the record of London policy give ground for the policy of "Trust Mother"?

People in Canada are shouting "Stand by Britain" without pausing to consider where she stands and how long she can stand there. There [*sic*] are shouting "Stop Hitler", without pausing to consider if it is wise to be maneuvered into fighting him in his own back yard, into choosing the very field where he is strongest and Britain and France are weakest.

*Second:*

Is there, then, ground for assurance that Britain's interests or Europe's interests have been served by the course pursued? Has peace been assured in Eastern Europe?

Grant that it was desirable to offer resistance to Hitler, has British policy in recent months been such as to ensure blocking of his aims without recourse to war, or if war came, to ensure a reasonable hope of attaining the objectives set and fulfilling the commitments given?

A stiffening of the course followed up to Munich, rapid and effective re-arming, cooperation with France in the defence of Western Europe, would have been policies sanctioned by long experience and consistent with her present power and her place in the world picture of today. Instead, London plunged suddenly last March into a policy of guaranteeing the status quo in Eastern Europe, a policy of offering rapid and for the most part unilateral guarantees to all small Eastern European countries which would accept them. The reasons for this extraordinary shift of policy, as previously indicated, were mixed, good and bad:

- (i) a widespread detestation of Nazi arrogance and ruthlessness;
- (ii) a fear that if unchecked in the East, Germany would turn stronger on the West;
- (iii) an uneasy sense that Britain was losing the prestige enjoyed in the days when it was easily the world's predominant power;
- (iv) bitter attacks by the Left on Mr. Chamberlain's appeasement policy;
- (v) pique on the part of Mr. Chamberlain on Hitler's betrayal of his Munich pledges;
- (vi) revolt of the Foreign Office against domination by No. 10 Downing Street and Horace Wilson;
- (vii) backseat driving from Washington.

From the night of March 17th, when on a Rumanian false alarm telegrams were sent to practically every Eastern European state asking it to join in resistance to Hitler, down to the present, efforts to build a stop Hitler wall in the east have continued without ceasing. What have been the results?

1. Two military camps have been lined up in Europe; definite positions have been publicly taken, and little room left for compromise or negotiation.

2. The only allies garnered by Britain and France after all these efforts have been Poland and Turkey.

3. Commitments have also been given to Rumania and Greece, which are military liabilities and not assets, and which asked Britain not to make it appear they wanted protection against Germany; Rumania has lately announced she will not lift a finger to help her co-guaranteed power, Poland.

4. The Foreign Office learned apparently to its surprise that most small states in West or North or Central Europe feared a guarantee as involving a violation of the neutrality they were fervently determined to maintain.

5. Equally to its surprise the Foreign Office found the eastern states profoundly suspicious of Russia and unwilling to accept a Soviet Bear's embraces.

6. Poland's readiness to accept a compromise has been lessened. In March, after Prague and Memel, but before the British guarantee, a British Minister, Hudson, was assured by the Polish Government, "Poland would fight if attacked, but *not* for Danzig". Now Poland has declared she will fight against any material change in Danzig, and Polish extremists shout for the conquest of East Prussia.

7. Germany's terms to Poland have hardened. Instead of return of Danzig and "a little corridor across the Corridor", the return of all former German and Austrian territory will likely be demanded, and possibly some measure of political subordination to the Reich.

8. Danzig has become in all but name a part of Germany, stiffened by German soldiers and armaments and with a Nazi Gauleiter made head of the state.

9. Italy has been rivetted to Germany as a dubious and very junior but hopelessly committed partner.

10. Italy has seized Albania, giving her control of the Adriatic and a basis of threat against Jugo-Slavia, Greece and Turkey; her nuisance power in the whole Mediterranean has been increased.

11. The German people were convinced they were being encircled; they may now be convinced Hitler can win again by the mere threat of war.

12. Above all, Russia, instead of joining the "Stop Hitler" alliance, has practically joined the German camp. It was clear at the start that Britain and France could not implement their pledges of protection to Poland without Russia's help. It was equally clear the tactics adopted by London of giving a panic pledge to Poland without assurance of such help or even any consultation about its possibility, put all the cards in Russia's hands. The results have been even worse than might have been anticipated. Hitler's coup of last week has guaranteed

him against fighting on two fronts; it has assured him of unlimited supplies and weakened the possibility of subduing Germany by an economic blockade; it has scared every small state in Eastern Europe, except Turkey thus far, given a tremendous blow to British diplomatic prestige in their unawareness of what was going on, and strengthened American isolationist sentiment of "a pox on both your houses". There is a definite offset in Japan's sudden realization she is out on a limb herself in the Far East. A further sour grapes consolation can be found in the view that after all Russia would not have been a trustworthy ally. But this goes to the root of Britain's March policy: even if effective for the moment, there was no hope of permanent peace or even permanent war alliance with such uncertain and unstable countries as Russia or Poland or Rumania or Greece.

The net result of the five months of the New Policy is that instead of being deterred, Hitler has been strengthened and hardened. There is as yet no indication that the Anglo-French manoeuvres in Eastern Europe will save peace—except through Polish surrender.

*Third:*

Not only is there no likelihood of peace being preserved by the Polish guarantee; there is no likelihood of Polish independence being preserved if war comes.

How can Britain and France protect Poland? They cannot send her military aid across Germany or through the neutral states; they can give little effective naval help in the Baltic; some air squadrons might be sent, but their aid could not be decisive. Lloyd George blurted out the truth on May 8: "Any member of the Imperial General Staff who advised the Government it could fulfil its new commitments to Poland and Rumania without the assistance of Soviet Russia should be confined in an asylum" (not that any General did so advise). Liddell Hart, the foremost military expert in England, and a strong opponent of "appeasement", declares effective immediate protection of the Eastern European guaranteed states could come only from Russia; little direct military aid could be given.

Conceivably, in the event of an overwhelming victory over Germany, Poland could be set up again. But such a victory could only be secured by smashing the Siegfried line. There is as little chance of that as there is of Germany's smashing the Maginot line. In other words, the defense has a tremendous advantage—Hart says two or three to one. Germany's tactics would be to try to overrun the former German parts of Poland, then say she was ready for peace and throw on Britain and France the onus of starting the bombing of cities.

The weakest spot in the Axis is of course Italy. She could do great immediate damage in the narrow seas of the Mediterranean, but Britain and France should be able to smash her after some months. But what if at the start Italy remains formally neutral, with Germany's consent, lending

concealed support and depriving France and Britain of their easiest target? In that case, action in Poland or against the Siegfried line, or air raids on Germany are the only military objectives left. Strong economic pressure and naval blockades could be put into force and would help to give England and France success, but could they restore Poland—their announced immediate objective?

These hurried comments are far from a complete or balanced survey. If war comes, we must all in our several ways do our utmost to ensure victory and what lies beyond victory, but nothing is to be gained by glossing over the failures and follies of recent months.

1006.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 50

London, August 26, 1939

IMMEDIATE. SECRET. Your telegram 26th August, No. 48.<sup>1</sup>

Following from Prime Minister for your Prime Minister, Begins: I deeply appreciate your suggestion for an appeal to Herr Hitler by Their Majesties the King and Queen on the lines set out in your telegram. While fully recognizing the motives inspiring your suggestion and sharing your view as to the immensely important effect which such an appeal might be expected to produce, our feeling here is that present moment, when proposals made yesterday to His Majesty's Government in the United Kingdom by Hitler have not yet been answered and their outcome is uncertain, would not be opportune for such an appeal. But I can assure you that we shall keep your suggestion closely in mind in the light of developments in situation. Your spirit of cooperation at this, as at every stage in this critical time, has been of the greatest encouragement to us. Ends.

1007.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 287

London, August 26, 1939

IMMEDIATE. MOST SECRET. Herr Hitler today saw His Majesty's Ambassador at Berlin. He said that he wished to make a move towards England as decisive as his recent Russian move. But incidents in Poland had become

<sup>1</sup> Non reproduit/not printed.

intolerable and Germany was determined to abolish these macedonian conditions on her Eastern frontier. Problem of Danzig and Corridor must and would be solved. Prime Minister's speech was not calculated to induce change in German attitude and its results could at the most be only war in which Germany would not have to fight on two fronts. Agreement with Russia, which was unconditional and signified long term change in policy of the Reich, would render Germany economically secure however long a war might last.

Immediately after solution of Polish-German problem (and Poland's fate now lay between Russia and Germany) Hitler was prepared and determined to approach Great Britain with a comprehensive offer. He was ready to pledge himself personally for the continued existence of the British Empire and to place the power of German Reich Statute at its disposal if

- (1) his limited and negotiable demands were fulfilled (and therefore he was prepared to fix longest time limit);
- (2) his obligations towards Italy (similar to ours towards France) were respected.

He also stressed irrevocable determination of Germany never again to enter into conflict with Russia.

On conclusion of agreements to above effect he would be ready to accept reasonable limitation of armaments corresponding to the political and economic situation thus created. He was not interested in Western problems and a frontier modification in the West did not enter into consideration.

If these ideas were rejected there would be war from which Great Britain would in no case emerge stronger.

Hitler made it clear that this was his last attempt to secure good relations with Great Britain which he had always and still desired.

His Majesty's Ambassador repeatedly insisted that Great Britain would not go back on her word to Poland and that Hitler's offer would not be considered unless it meant a negotiated settlement of Polish question. Hitler refused to guarantee this on the ground that Polish provocation might at any time render German intervention to protect German nationals inevitable.

Other points mentioned by Hitler were, that only gainer of another European war would be Japan, that he had no interest in making Great Britain break her word to Poland and that he had no wish to be small minded in any settlement with Poland. All that he required for an agreement with Poland was a gesture from Great Britain indicating that Poland would not be unreasonable.

Subsequently His Majesty's Ambassador received message from Ribbentrop stating that Hitler had always and still wished for an agreement with Great Britain and urging that at least take offer very seriously.

His Majesty's Ambassador is flying to London today (August 26). Ends.

1008.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 288

London, August 26, 1939

SECRET. Following for your Prime Minister, Begins:

*Germany*

1. Preparations for possible action against Poland appear to be reaching final stage.
2. Tannenberg celebrations have been cancelled.

*Belgium*

3. Belgian Prime Minister informed His Majesty's Ambassador that a concerted flight of aircraft over Belgian territory would at once be resisted.

*Poland*

4. French Minister for Foreign Affairs has expressed belief that Russian-German Pact contained a secret clause for coercion of Poland.

*Danzig*

5. League of Nations High Commissioner expects new head of Danzig State to ask him to leave.

*Turkey*

6. In view of vital importance of retaining Turkey in peace front, we are despatching all available war material to Turkey without waiting for Credit Agreement and contemplating despatch of mission to Istanbul. Quadruple agreement is being pressed forward as fast as possible.

*Greece*

7. Greek Government is reinforcing its troops on Albanian frontier in case of Italian attack through Albania.

*Japan*

8. Japanese Cabinet has protested against Russian-German Non-Aggression Treaty and has announced abandonment of negotiations for joining Axis, and intention to pursue a policy of independence of Europe. His Majesty's Ambassador has, however, indications that possibility of a Japanese Non-Aggression Pact with Russia is not excluded. Ends.



1009.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 310

London, August 26, 1939

**MOST SECRET.** British Ambassador at Berlin flew to London this morning to report to his Government subject of conversation summarized in Dominions Office Circular telegram B. 287. He is in conference at 10 Downing Street at present. I am informed that the United Kingdom cabinet meets at five or six this afternoon to consider situation.

MASSEY

1010.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 289

London, August 26, 1939

**IMMEDIATE. SECRET.** Cabinet met at 6:30 p.m. today to discuss lines of reply to Herr Hitler's proposals. Cabinet adjourned at 9:00 p.m. and will resume discussion tomorrow at 10:30 a.m.

1011.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 312

London, August 26, 1939

**MOST IMMEDIATE.** Cabinet meeting adjourned 9:00 o'clock this evening to resume sitting 10:30 tomorrow morning. Have just had conversation with the Secretary of State for Dominion Affairs who tells me that reply to Hitler's message, which is in preparation, although firm as to obligations and responsibilities will be conciliatory and friendly in tone. Henderson will fly back to Berlin with completed reply tomorrow afternoon.

MASSEY

1012.

*Le ministre en Belgique au secrétaire d'État aux Affaires extérieures*  
*Minister in Belgium to Secretary of State for External Affairs*

TELEGRAM 49

Brussels, August 26, 1939

Belgian Government has issued instructions to keep ready and reinforce the army and has requisitioned horses, cars and bicycles. They have further approved Bill granting to the King special powers enabling him in time of war to take all emergency steps necessary to ensure security of the Realm. They also approved draft Royal decree proclaiming the army in state of mobilization. Announcing the last measure they explained that they did not propose for the moment to call at once the whole population to the colours, they wanted only to create legal situation enabling them eventually to extend the present measure of reinforcement of the army. It is announced that all visas will be refused until further notice to foreigners subject to that formality who propose to travel or settle down in Belgium.

1013.

*Le ministre en France au secrétaire d'État aux Affaires extérieures*  
*Minister in France to Secretary of State for External Affairs*

DESPATCH 318

Paris, August 26, 1939

CONFIDENTIAL

Sir,

It looks like war. Two days ago the Bulgarian Minister whom I met at luncheon said that the day before he had asked the Prime Minister what he thought of the situation. M. DALADIER took a very grave view of the future—the reason he gave was that most of the great nations were committed and had taken up a position.

Yes, it looks like war—but war is such a horrible thing that there are, there must be, powerful moral forces—the greatest of which is prayer—at work to overthrow the evil genius. And so, perhaps the miracle may happen.

The Moscow Agreement has confirmed the impression which has never left me that Hitler, sooner or later, would crumble. One cannot construct anything durable on force alone without any respect for truth and justice. Up to now, Hitler could be said to be fighting for an idea or an ideal directed against the Communist Doctrine but now that he has put his hand in the red hand of Stalin, he has lost his soul. There is no hope for him now because no longer has he a cause to die for.

I have etc.

GEORGE P. VANIER

1014.

*Mé morandum*<sup>1</sup>*Memorandum*<sup>1</sup>

August 26, 1939

MEMORANDUM CONCERNING CANADIAN PARTICIPATION  
IN A WAR RESULTING FROM A GERMAN INVASION OF POLAND

## 1. It is assumed:

(a) that the Government proposes to recognize in fact that Canadian belligerency will result directly from the commencement of hostilities between the United Kingdom and Germany; and

(b) that active participation by Canada will only be commenced after Parliament has decided upon participation and determined the nature and extent thereof.

2. It is assumed that there will be a period of approximately a fortnight between the commencement of hostilities in Europe and the decision by Parliament of the nature and extent, if any, of Canadian participation.

3. It is assumed that the Government does not propose to give consideration to the issuing of a Proclamation of neutrality and to the subsequent enactment by Parliament of legislation to enable a neutral course to be pursued.

4. It is assumed that during this interim period of between one and two weeks, the Government does not desire that any action should be avoided that may be necessary to make effective a subsequent parliamentary decision.

5. Upon these assumptions, the following suggestions are submitted relating to the timing of governmental action and to the measures that would need to be adopted.

6. All of the measures that would need to be adopted during this interim period would be based upon the War Measures Act without Proclamation and without any fear as to their being successfully challenged in the Courts. Further, in the event that Parliament decides upon active participation, a retroactive Proclamation can then be issued that would place the measures adopted in a position where, for practical purposes, a challenge as to their legality would be unthinkable.

7. In the event that there is a Proclamation or Declaration of War in the United Kingdom, presumably it will be made upon the advice of the United Kingdom Government and, in point of form, limited to the United Kingdom.

The question arises as to whether any Canadian action is necessary with regard to a Proclamation or Declaration of War. The Canadian Government could concur in advising the King to make a Proclamation or Declaration

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<sup>1</sup>J. E. Read &/to O. D. Skelton.

including Canada as well as the United Kingdom. In the alternative, the Government could provide for a subsequent Proclamation or Declaration to be made after parliamentary decision.

8. The War Book, which has been generally approved by Council, makes provision for the adoption of a General Defence of Canada Order and for a number of special Orders-in-Council, as well as for executive measures requiring no specific action by Council. Speaking generally, these measures are all essentially war measures and they are drafted so as to form the basis for the war action in the various Government departments concerned. They are superficially inconsistent with any status, save that of active belligerency. On the other hand, they do not involve any action that could not be regarded as conservatory of the position during the interim period. They do not create an irretrievable position vis-à-vis potentially enemy countries.

9. It would be possible, therefore, to treat the measures provided for in the War Book as being conservatory in character, having as their object the preservation of the "status quo" pending parliamentary decision.

10. The chief difficulty would be that most people would regard the measures as being measures of active war, and that enemy countries would also regard them as being consistent only with the status of active belligerency.

11. This position could be largely overcome by an instruction from the Government to interested authorities to the effect that the measures should be administered so as to operate to conserve the present position, pending parliamentary decision. It might also be desirable to make some sort of a statement of a supplementary character.

The measures that might create difficulty would include provisions for seizure of enemy ships and aircraft, internment of enemy aliens, sequestration of enemy property and matters of that sort. In the course of administration, finality could be avoided and the conservatory character of the measures accentuated, by avoiding final disposition of cases until parliamentary decision had been reached, on the basic questions of policy. For example, assuming the seizure of a German ship by the Collector at Halifax, it could be held during the intervening period, avoiding anything in the nature of a forfeiture or condemnation of the ship.

12. A Time Schedule that might receive consideration may be set forth. It is tentative in character and will require a good deal of thought before adoption:

(a) When it becomes certain that hostilities will break out, the following matters might receive consideration:

(1) Defence of Canada Order (The adoption of this Order by Council would obviate the need for a large number of separate orders which have been brought within its scope).

(2) A series of specific Orders-in-Council provided in the War Book to the extent that they have not already been adopted. These

are concerned largely with defence measures. Such finance measures as may be recommended by the Department of Finance. (These matters have been under consideration by the Department of Finance alone, and not by the inter-departmental committees.)

(3) Parliament should be summoned.

(b) Immediately upon the outbreak of hostilities, an Order-in-Council establishing Prize Courts will be necessary.

(c) Upon the meeting of Parliament, and apart from the decision of the general question of Canadian participation, measures that require consideration, including—

(1) Finance measures which have been under consideration by the Department of Finance acting alone.

(2) A statute confirming action already taken under the War Measures Act and, possibly, also indemnifying Ministers and others who may have been compelled in the interval to take action, without complete legal authority.

(3) An Act confirming the establishment of the Prize Court.

(4) Action by Parliament to the extent that it may be required by the provisions of the Militia Act confirming action taken, if any, with regard to the Defence Forces.

(5) Such legislation as may be necessary with regard to economic measures, whether adopted or to be adopted by the Government.

1015.

*Le chef du gouvernement d'Italie au Premier ministre* (Traduction)

*Chief of Italian Government to Prime Minister* (Translation)

TELEGRAM

Rome, August 27, 1939

In reply to your message, I wish to assure you that I shall leave untried no effort to safeguard the peace of the world—a lasting peace, that is to say, a just peace.

MUSSOLINI

1016.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM A. 3

London, August 27, 1939

IMMEDIATE. SECRET. DEFENCE. Admiralty have assumed control of movements of British merchant ships.

1017.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

PARAPHRASE OF TELEGRAM 75

Washington, August 28, 1939

**MOST IMMEDIATE. SECRET.** Mr. J. C. Green, Chief of Office of Arms and Munitions Control, this morning said he believed that:

(1) Under present Neutrality Act it would be impossible for him to issue permits for export of war materials to Canada once President has proclaimed the Act in effect.

(2) In the event of a major war in Europe the President would at once proclaim Act in effect.

(3) This should not delay delivery for more than two or three weeks as Act would be repealed within that time (this would seem over-optimistic).

(4) It was advisable to take delivery of war materials immediately, where possible.

Mr. Vaughan, Chairman of the Defence Purchasing Board, was present at this interview. Ends.

1018.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 293

London, August 28, 1939

**IMMEDIATE. MOST SECRET.** Following for your Prime Minister, Begins: It is specially desired that extreme secrecy should be observed with regard to this telegram.

Following is the text of the reply to Herr Hitler's communication (my Most Secret telegram, Circular B. 287) which is being taken by Sir Nevile Henderson by air to Berlin this evening. German Government has been informed that His Majesty's Ambassador will be ready to deliver this message at any time after 9:00 p.m. Message begins:

His Majesty's Government have received the message conveyed to them from the German Chancellor by His Majesty's Ambassador in Berlin and have considered it with the care which it demanded.

They note the Chancellor's expression of his desire to make friendship the basis of relations between Germany and the British Empire and they fully

share this desire. They believe with him that if a complete and lasting understanding between the two countries could be established it would bring untold blessings to both peoples.

2. The Chancellor's message deals with two groups of questions: those which are matters now in dispute between Germany and Poland, and those affecting ultimately the relations of Germany and Great Britain. In connection with these last, His Majesty's Government observe that the German Chancellor has indicated certain proposals, which, subject to one condition he would be prepared to make to the British Government for a general understanding. These proposals are, of course, stated in very general form and would require closer definition, but His Majesty's Government are fully prepared to take them with some additions, as subjects for discussion and they would be ready, if the differences between Germany and Poland are peacefully composed, to proceed so soon as practicable to such discussion with a sincere desire to reach agreement.

3. The condition which the German Chancellor lays down is that there must first be a settlement of differences between Germany and Poland. As to that, His Majesty's Government entirely agree. Everything, however, turns upon the nature of the settlement and method by which it is to be reached. On these points, the importance of which cannot be absent from the Chancellor's mind, his message is silent, and His Majesty's Government feel compelled to point out that an understanding upon both of these is essential to achieving further progress. The German Government will be aware that His Majesty's Government have obligations to Poland by which they are bound and which they intend to honour. They could not, for any advantage offered to Great Britain, acquiesce in a settlement which put in jeopardy the independence of a State to whom they have given their guarantee.

4. In the opinion of His Majesty's Government a reasonable solution of differences between Germany and Poland could and should be effected by agreement between the two countries on lines which would include the safe-guarding of Poland's essential interests, and they recall that in his speech of April 28th last the German Chancellor recognized importance of these interests to Poland.

But, as was stated by the Prime Minister in his letter to the German Chancellor of August 22nd, His Majesty's Government consider it essential, for success of the discussions which would precede agreement, that it should be understood beforehand that any settlement arrived at would be guaranteed by other Powers. His Majesty's Government would be ready, if desired, to make their contribution to effective operation of such a guarantee.

In the view of His Majesty's Government it follows that the next step should be the initiation of direct discussions between German and Polish Governments on a basis which would include the principles stated above, namely the safe-guarding of Poland's essential interests and securing of settlement by an international guarantee.

They have already received definite assurance from Polish Government that they are prepared to enter into discussions on this basis, and His Majesty's Government hope the German Government would for their part also be willing to agree to this course.

If as His Majesty's Government hope, such discussions led to agreement, the way would be open to negotiation of that wider and more complete understanding between Great Britain and Germany which both countries desire.

5. His Majesty's Government agree with the German Chancellor that one principal danger in the German-Polish situation arises from reports concerning treatment of minorities.

The present state of tension with its concomitant frontier incidents, reports of maltreatment and inflammatory propaganda, is a constant danger to peace. It is manifestly a matter of utmost urgency that all incidents of the kind should be promptly and rigidly suppressed and that unverified reports should not be allowed to circulate, in order that time may be afforded, without provocation on either side, for a full examination of the possibilities of settlement. His Majesty's Government are confident that both Governments concerned are fully alive to these considerations.

6. His Majesty's Government have said enough to make their own attitude clear in the particular matters at issue between Germany and Poland. They trust that the German Chancellor will not think, because His Majesty's Government are scrupulous concerning their obligations to Poland, they are not anxious to use all their influence to assist achievement of a solution which may commend itself both to Germany and to Poland.

That such a settlement should be achieved seems to His Majesty's Government essential not only for reasons directly arising in regard to the settlement itself but also because of the wider considerations of which the German Chancellor has spoken with such conviction.

7. It is justified in the present reply to stress the advantage of a peaceful settlement over a decision to settle the question at issue by force of arms. The results of a decision to use force have been clearly set out in the Prime Minister's letter to the Chancellor of August 22nd, and His Majesty's Government do not doubt that they are as fully recognized by the Chancellor as by themselves.

On the other hand, His Majesty's Government, noting with interest the German Chancellor's reference, in the message now under consideration, to a limitation of armaments, believe that, if a peaceful settlement can be obtained, the assistance of the world could confidently be anticipated for practical measures to enable the transition from preparations for war to normal activities of peaceful trade to be safely and smoothly effected.

8. A just settlement of these questions between Germany and Poland may open the way to world peace. Failure to reach it would ruin hopes of



better understanding between Germany and Great Britain, would bring the two countries into conflict, and might well plunge the whole world into war. Such an outcome would be a calamity without parallel in history. Ends.

1019.

*Le secrétaire d'État aux Affaires extérieures  
au chargé d'affaires aux États-Unis  
Secretary of State for External Affairs  
to Chargé d'Affaires in United States*

DESPATCH 468

Ottawa, August 29, 1939

Sir,

I have the honour to acknowledge receipt of Mr. Mahoney's despatch of the 4th of August, 1939, No. 1470<sup>1</sup> in which he reported on recent developments in the policy of the United States with relation to Japan.

The action of the United States in giving the necessary six months' formal notice to Japan of the denunciation of the Treaty of Amity and Commerce of 1911 is a step of considerable significance, which may result in developments affecting this country as well as other parts of the British Commonwealth. The possibility that this action may be followed by the imposition of economic measures designed to limit the military activities of Japan makes the present action of such importance that I shall be greatly obliged if you will take careful note and report in detail on any developments in the United States which may serve to indicate that such a development is to be anticipated. If, on the other hand, it becomes apparent that the United States intends to negotiate a new Treaty before the expiration of the six months ending on the 26th of January, 1940, this also will be a matter of particular interest to the Government of Canada.

I have etc.

O. D. SKELTON for the . . .

1020.

*Mémorandum<sup>2</sup>**Memorandum<sup>2</sup>*

MOST SECRET

August 29, 1939

In the event of war breaking out between Great Britain and Germany, and in the event of the Canadian Government then deciding:

(a) *Immediately*, to summon Parliament to meet at the earliest possible time, e.g. a week.

<sup>1</sup> Non reproduite/not printed.

<sup>2</sup> O. D. Skelton au Premier ministre/O. D. Skelton to Prime Minister.

(b) *Simultaneously*, to issue a statement that when Parliament meets the Government will propose "Canadian participation",  
the questions arise:

(a) What would be the situation between that time and action by Parliament as to belligerent status?

(b) What would be the situation in that period as to defence measures that could be taken?

(c) What precisely would be left for Parliament to do when it met? In this transitional period two alternative procedures may be considered.

*Alternative "A"*

(a) *Status:*

Immediate and full belligerent status. Canada automatically at war when Great Britain is at war. The War Measures Act to be proclaimed, if desired, on the basis of war existing. Possibly a proclamation of war to be issued, if, as is probable, the proclamation issued in the United Kingdom, *if any*, would be confined to the United Kingdom and the Colonies.

(b) *Immediate Defence Measures.*

Defence of Canada Regulations and other appropriate measures to be put into effect by Order-in-Council, and departmentally:

Military, naval and air action to defend coasts.

Internal security measures (vulnerable points, subversive action).

Air Raid Precautions.

Embargo [sic] or Seizure of Enemy Ships.

Control of Canadian ships and aircraft.

Treatment of Enemy Aliens and Property.

Censorship and control of communications.

Transport regulations.

Supply measures.

Control of exports and imports.

Finance and war risks.

(c) *Parliamentary Action.*

(i) To ratify by resolution or vote of credits action taken by Government.

(ii) To vote credits.

(iii) Possibly to consider measure and form of participation.

(iv) To pass any necessary supplementary legislation.

*Alternative "B"*

(a) *Status:*

The possibility of neutrality was definitely rejected by the Government last session. The alternative would be to decline to define the

theoretical situation, and to take perhaps as precautionary or preparatory measures, practically the same steps that would be taken if war had been formally proclaimed. If desired, indicate the War Measures Act as being in effect by proclamation on the ground of apprehended war, or defer that action till Parliament meets, then issue the proclamation which *in any case* would probably have to be made retroactive, as it can be, to August 23rd. As to a formal proclamation of war, the United Kingdom indicated some time ago it may not issue one, if thereby it could avert Roosevelt having to bring the United States Neutrality Act into operation. The same consideration might be still stronger in the case of Canada (re U.S. supplies).

(b) *Immediate Defence Measures.*

Practically all the measures listed in "A" (b) above could be put into force at once. Possibly such acts as condemnation of enemy ships (as distinct from detention) or seizing property of enemy aliens or public issue of lists of goods specifically designated as "contraband", might be deferred.

(c) *Parliamentary Action.*

Parliament

- (i) to exercise its deciding power by approving a government motion to participate in the war.
- (ii) to vote credits
- (iii) to discuss measure and form of participation
- (iv) to pass any supplementary legislation, etc.

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Each of these alternatives has its advantages, neither is without difficulty.

In favour of "A" it may be urged:

The weight of traditional opinion favours the assumption that legally Canada is at war when the United Kingdom is.

Public opinion would be confused and attacks made from some quarters if for a week doubt existed as to the exact legal position.

Canada would avoid the necessity of having to declare war on Germany of her own choice and as if on a quarrel of her own; she would not be committed to approval of the Anglo-French diplomacy preceding the war or to their territorial war aims, particularly in the event of military stalemate.

In favour of "B" it may be urged:

The trend of Canada's constitutional development calls for her assuming direct responsibility (at least in form) in important as well as minor issues.

The present Government is pledged by repeated and explicit statements to leave the decision on the issue of war to Parliament. (See Appendix<sup>1</sup>).

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<sup>1</sup> Non reproduit/not printed.

The imperialists will have won the substance of their contention by immediate Canadian preparations; should not the autonomist have the shadow of formal Canadian decision.

The public announcement of unanimous Government decision will leave no doubt at home or abroad as to what Parliament will do.

Canada might have as much to say about war aims and war policy under this as under the other alternative.

Upon a decision on this procedure would depend the formulation of the statement made by the Government as to the course it intended to pursue and in some measure the phrasing of the reasons given for its decision.

1021.

*Le consul général de Pologne au sous-secrétaire d'État  
aux Affaires extérieures*  
*Polish Consul General to Under-Secretary of State  
for External Affairs*

No. 343/1

Ottawa, August 29, 1939

Sir,

On behalf of my Government I have the honour to communicate what follows:

Since a certain time the German press is leading a calumnious campaign accusing Poland of brutalizing the German minority and publishing facts not only erroneous but completely invented.

As long as this campaign remained in the frame of journalistic propaganda, even directed by the press which is completely subdued to the government, the Polish part was contented with denying that information and giving true information to those who asked for it in honest purpose.

Nevertheless since a few days these facts purely invented and this false information is to be found in the talks of the highest leading factors in Germany who probably are purposely informed. In this way the German government wants to use it as an element of the diplomatic campaign.

Taking consideration of this fact, the Government of Poland is obliged to protest solemnly against the methods used intentionally to bring into error the international opinion and the governments.

Without entering in particularities, it is necessary to stress upon the false accusations such as the alleged murder of twenty four Germans near Lodz, and eight Germans near Bicsko, or the alleged establishing of concentration

camps for the German minority. Such information should be repudiated and discredited as purely invented. None of the above mentioned facts is founded on the truth.

I have etc.

JAN PAWLICA

1022.

*Mé morandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

SECRET

Ottawa, August 29, 1939

With reference to the attached despatch,<sup>2</sup> I assume that the only conditions in which we might feel justified in taking action similar to the action contemplated by the United Kingdom authorities would be produced by the possible anticipation of our own officials in enemy countries being prevented from leaving on the outbreak of war, in which case we should try and make the necessary arrangements at this end to guard against this in connection with the consular representatives of these countries in Canada. I understand that there are no Canadian officials on German territory now. Mr. Peterson, however, of Immigration, may still [be] at Gdynia, although he was advised to leave some days ago; and the Trade Commissioner in Italy may still be in Milan. The latter has instructions to use his best judgment and take his cue from the British Embassy.

I assume also that there is no question of preventing consular officers here from leaving on the ground of permission to leave Germany being refused to British consular officers in that country.

Another point is the question of a special pass to be issued to consular officers in Canada. In 1914, the consular officers were advised to leave the country within 48 hours. I think that, on the outbreak of war this time the consular officers would all request a special pass. This question, therefore, of issuing a special pass will arise.

There is another aspect: the purpose of a special pass, under such circumstances, is to make the situation easy for the consular officers concerned according to international practice and, on the other hand, if the reciprocity basis is not observed, to prevent the consular officer from leaving the country by refusing to give him a pass. This latter aspect, which concerns us, loses all significance since we will have no Permit Office functioning and issuing exit cards to aliens on the outbreak of war. Under these circumstances, it will be very difficult to prevent departures of consular officers except by having the Police keep track of them and by informing the Immigration officers to watch carefully for them at the border and at points of embarkation.

<sup>1</sup> L. Beaudry à/10 O. D. Skelton.

<sup>2</sup> Voir le doc. 989/see doc. 989.

1023.

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET

August 29, 1939

CANADA'S NATIONAL EFFORT (ARMED FORCES) IN THE  
EARLY STAGES OF A MAJOR WAR

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

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

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

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

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

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

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

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

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

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

<sup>1</sup> Du Comité des chefs d'état-major/by Chiefs of Staff Committee.

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

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

This can be effected by:

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

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

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

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

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

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

(c) Coastal reconnaissance in conjunction with Naval forces.

(d) Air observation for coast artillery.

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

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

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

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

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

(c) Guarding of certain vulnerable points.

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

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

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

therefore, that we should examine the nature and numbers of the armed forces which could be made available for action in close co-operation with other forces of the Empire.

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

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

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

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

13. There can be no doubt but that this doctrine found favour with the British Government during the early years of re-armament (1936-38). This is attested by the amounts of money voted to the respective fighting Services. From a bad third, the Royal Air Force quickly assumed first place in the defence votes, and its expansion during the past three years has been



enormous. Concurrently a huge programme of naval expansion was inaugurated, and was pressed with the utmost energy. Only the Army was, relatively speaking, neglected. Funds were voted to modernize its equipment, but its strength was not increased, and even the programme of re-equipping it was slow and halting. As recently as the spring of 1938 the War Office estimates for their equipment programme were cut by no less than £70,000,000, and Ministers openly intimated that the days of great Expeditionary Forces to the Continent were over.

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

15. Once this fact was realized the British Government acted with respect to the Army with the same energy and decision as they had previously displayed with respect to the other Services. It was first announced that a field force of some twenty divisions would be prepared, including the Territorial Army which was forthwith to be equipped for a European War. It quickly became apparent that even this would not suffice and the Government announced that the Territorial Army would be doubled in size. A Ministry of Supply was set up to speed up the production of armament and equipment, and as a final indication that all thoughts of a "Limited War" had been abandoned conscription was introduced.

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

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

on mobilization. We have available in Canada a proportion of the war equipment of the Mobile Force which would suffice for the requirements of training in Canada.

18. It is true that, apart from a small number obtained for training purposes, we are completely deficient in such essential items as armoured vehicles of all descriptions, anti-tank guns and the anti-aircraft guns and equipment needed for the force. Moreover, our field artillery, though adequate for training purposes is obsolescent insofar as its use in active operations is concerned. But despite these deficiencies the Mobile Force could proceed abroad partially equipped and partially trained in less than three months from the date mobilization is ordered. And if the British Government can make good its deficiencies in armament and equipment within a reasonable time after its arrival it could take the field as a powerful fighting force, equipped and trained, about six months after mobilization.

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

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

21. Assuming then, in the light of the foregoing arguments, that the Government may decide that a Canadian Army is to be despatched abroad, it is next necessary to review the arguments in favour of raising the force in accordance with the plan developed by the Militia Service.

22. It will be recalled that, in 1914, the Minister of Militia abandoned the plans for mobilization which for some time had been under consideration by the Staff, and undertook to raise a completely new, voluntary, force quite independent of the Militia. The results of this unfortunate decision are well known, but a few of them may profitably be recalled. The Canadian Militia at once became moribund and remained so for the duration of the war. Units were raised indiscriminately all over Canada, wherever an officer could be found to undertake the task of raising one. No regard was paid to the territorial distribution of recruiting, with the result (to mention only one) that the potentialities of Quebec were neglected, and the susceptibilities of loyal French-speaking Canadians were ignored. There was no proper balance

between the raising of units for the different arms of the service. No system of providing reinforcements for units in the field was set up. Instead a long succession of new units were raised (some 260 infantry battalions alone were authorized) with the inevitable result that three out of four of these units had to be broken up into drafts either in Canada or in England. There was no proper system of providing officers, and much valuable officer material was wasted in the ranks, some universities for instance raising complete units from the graduate and undergraduate bodies. The arrangements for medical examination of recruits were defective, with results which are still a source of expense to the Canadian taxpayer.

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

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

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

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

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

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

29. In drawing up the plan for the raising of the Mobile Force it has constantly been borne in mind that the Government may desire in the first instance to limit Canada's contribution to less than a complete Army Corps. The Mobile Force accordingly has been divided into two roughly equal portions, each comprising one complete division and a quota of ancillary troops. Each of these two halves of the force has been territorially distributed evenly across Canada, as well as the limitations of so small a force permit. We are, therefore, prepared, if necessary, to raise initially only one half of the total force without disrupting the plan.

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

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

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

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

(c) The Army's contribution would take the form of the immediate raising of an Army Corps of two divisions and ancillary troops (roughly

60,000 men) in accordance with the Militia Service plan, and its despatch abroad as soon as arrangements can be made, in co-operation with the British Government, to transport it and to make good such deficiencies in its war equipment as cannot be supplied from Canadian sources.

T. V. ANDERSON, Major-General  
 PERCY W. NELLES, Rear-Admiral  
 G. M. CROIL, Air Vice-Marshal

1024.

*Le sous-secrétaire d'État aux Affaires extérieures  
 au consul général de Pologne*  
*Under-Secretary of State for External Affairs  
 to Polish Consul General*

Ottawa, August 30, 1939

Sir,

I have the honour to acknowledge your letter of August 29th, communicating, on behalf of your Government, a protest against statements in the German press regarding mistreatment of the German minority in Poland. I note that the Polish Government has emphatically denied certain of these accusations as being purely inventions.

I have brought your letter to the attention of the Prime Minister.

I have etc.

O. D. SKELTON

1025.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 22

London, August 30, 1939

**MOST SECRET.** The following telegram, which has been sent by service departments to all Commanders-in-Chief abroad for their guidance should it be decided to introduce precautionary stage, is repeated for information, Begins:

If it becomes necessary to despatch the warning telegram to you it seems likely that Italy, as well as Germany, may be specified as a potential enemy. In view of alliance between Germany and Italy the possibility of Italian hostilities cannot be excluded though it is expected Italy will do her utmost to avoid becoming involved.

2. His Majesty's Government regard Italian neutrality if it can by any means be assured, as decidedly preferable to her active hostility. The French Government agreed with this policy. Consequently your action should be governed by general principles that follow.

3. If you receive a warning telegram specifying both Germany and Italy as potential enemies, your defensive precautions against attack by Italy should as far as possible be non-provocative. If subsequently you receive war telegram in which only Germany is specified as enemy, you should avoid initiating any action against Italy which is to bring her in against us. This, of course, does not relieve you of your responsibility for taking necessary precautions against possibility of sudden attack by Italy nor of making such defensive dispositions as you think advisable, nor does it debar you from immediate local retaliation if attacked by Italian forces.

4. Should development of situation demand any modification in these instructions, you will be notified immediately. Ends.

1026.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 51

Ottawa, August 30, 1939

**IMPORTANT. SECRET.** Your despatch Circular B. No. 71 of 18th August, 1939, marked secret. We should be glad to be informed if and when the reciprocal arrangement referred to in despatch is put into effect.

Canadian Government would appreciate information as to the views of the United Kingdom Government on the following points:

1. Whether, in the event of the proposed reciprocal arrangement not being made effective, enemy consuls will be under police control or interned;
2. In the event of the above arrangement being made effective and the consuls being allowed to leave, will they be required to submit to baggage examination on departure;
3. Do the plans relating to the departure of enemy consuls apply to consular employees of enemy nationality;
4. What are the plans regarding archives of enemy consuls.

1027.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État*  
*aux Affaires extérieures*  
*High Commissioner in Britain to Secretary of State*  
*for External Affairs*

TELEGRAM 325

London, August 31, 1939

**MOST IMMEDIATE. MOST SECRET.** Have just returned from Dominions Office where I saw the telegram at present being cyphered from which you

will learn of conversation between Henderson and Ribbentrop in which the German terms were disclosed. Since then telegram has been received from Warsaw to the effect that Beck has communicated to Berlin his willingness to go there to commence negotiations.

Two more long telegrams have been received from Warsaw which are not yet decyphered. A further meeting is to be held at 9:30 this evening, after which I shall send you another telegram. The terms as proposed by Germany are much more moderate than was feared. Ribbentrop's anger may be sign of weakness and may have been due to personal disappointment. Accumulated reports of dissatisfaction and depression among the German public and even difficulties in the army have no doubt some significance and may possibly have a bearing on German policy which shows definite signs of uncertainty. Hitler's demeanour too shows less persistence and firmness and self assurance than it did last September. Preparations military and civil continue here under full pressure. This in itself is undoubtedly not without its influence on Berlin.

In spite of what I have said it would be most unwise to be unduly confident as yet of a peaceful outcome, but there is still hope.

MASSEY

1028.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 326

London, August 31, 1939

**MOST IMMEDIATE. SECRET.** Situation does not show any improvement. I was wrongly informed as to Beck's reported willingness to proceed to Berlin to enter into negotiations, although Polish Government have confirmed their readiness for direct exchange of views with Germany. Polish attitude as revealed in recent telegrams indicates rigidity based on over-confidence.

MASSEY

1029.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 24

London, August 31, 1939

In continuation of measures already adopted, it has been decided to call up whole of regular army reserve and supplementary reserve under provisions of Reserve and Auxiliary Force Act 1939. A further number of Royal Air Force volunteer reserve will also be called up.

1030.

*Le délégué permanent [SDN] au secrétaire d'État aux Affaires extérieures*  
*Permanent Delegate [L. of N.] to Secretary of State for External Affairs*

DESPATCH 183

Geneva, August 31, 1939

Sir,

In my telegram No. 34 of 29th August<sup>1</sup> I reported that the present intention of the Secretary General in the event of war was to retain the Secretariat in Geneva as long as this proved to be possible. This represents a reversal of the decision reached during the acute tension of last spring, when arrangements had been made for the immediate removal of the Secretariat in the event of war from Geneva to Vichy in France, whence a haven would have been sought in neutral territory. So far as I can gather this change rises chiefly from the feeling that the likelihood of a violation of Swiss neutrality has diminished and that the presence of the Secretariat on Swiss territory in wartime now would probably not be used by Germany as a pretext for alleging that Switzerland was departing from her traditional neutrality. Since the spring also it has become still more evident that the political functions of the League are almost entirely suspended and that the present duties of the Secretariat are almost wholly concerned with economic and social questions.

Should the Swiss Government, however, find the presence of the Secretariat on Swiss soil to be embarrassing it would be moved immediately to another country. It would also be not unlikely that any meetings of the Council which might be held during war would be convened elsewhere.

I mentioned in my telegram that, while no decision had yet been taken, it was probable that in any event the session of the next Assembly would be postponed from 11th September. If the crisis ends in war it would be impossible to hold an Assembly in Geneva on that date. Probably all that would then be done would be an attempt to convene before the end of the year a skeleton Assembly for the purpose of adopting a budget for 1940 and performing other functions mainly of a routine character which would be necessary to keep League organisations in existence. If this crisis is passed without recourse to war, the probability is that international negotiations of the highest importance would still be in progress at the time the Assembly is due to convene; in such circumstances it would be desirable to await the conclusion of the negotiations before the Assembly met.

The Secretary-General is unlikely to approach Member States with a suggestion for the postponement of the Assembly until the situation is clearer, perhaps in the course of the next week. If postponement is agreed upon, the probability is that the Assembly would be put off to a date as late as possible

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<sup>1</sup> Non reproduit/not printed.



in order to enable it to perform the functions which must be completed during the present year. This might be some time in November. I shall inform you by telegram of any developments.

I have etc.

H. H. WRONG

1031.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne  
Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 272

Ottawa, September 1, 1939

**MOST IMMEDIATE. SECRET.** Your telegram No. 326. Press reports have been received of Hitler's speech and action taken as to Danzig but we have had no official communication from the Government of the United Kingdom beyond Circular Telegram B. 311<sup>1</sup> stating that there was no confirmation of rumours of German bombing of Warsaw. I should be glad to be continued to be informed of developments. Council met at nine this morning and decided to summon Parliament to meet on September 7th and to proclaim the War Measures Act. Statement as to the proposals which the Government will lay before Parliament will be issued as soon as definitive word of developments on the Continent and in the United Kingdom has been received.

I have sent the following telegram to the Secretary of State for Dominion Affairs. Begins: Your telegram Circular B. 311 of 1st September indicating no confirmation of rumours of German bombing of Warsaw. We should be glad to be advised immediately of any definite developments in the German-Polish situation or of any decisions taken by the Government or Parliament of the United Kingdom. Ends.

1032.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures  
High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 327

London, September 1, 1939

**MOST IMMEDIATE. MOST SECRET.** There is no confirmation as yet of alarming rumours of invasion of Poland and bombing of Warsaw. These have been traced to a journalistic source in Paris. I am afraid however that irrevocable steps have been taken by Germany within the last twelve hours and that there is little or no hope of averting (word omitted). Hitler's Reichstag speech confirms this.

<sup>1</sup> Non reproduit/not printed.

Despatch of a warning telegram prepared in Dominions Office for Dominion Capitals has been postponed pending official confirmation of reports from Germany and Poland referred to above. Cabinet is now in session. Will telegraph later directly I have definite information.

MASSEY

1033.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 313

London, September 1, 1939

IMMEDIATE. MOST SECRET. Following for your Prime Minister, Begins:

*Germany-Poland*

Our Berlin Embassy was informed through Goering at 10 a.m. that Poles had blown up Dirschau bridge during the night; fighting commenced with Danzigers. Hitler thereupon ordered Goering drive back the Poles from the border-line and destroy the Polish air force along the frontier.

2. Polish Ministry for Foreign Affairs stated that Cracow, Katowitz and other cities bombed by Germans 6 a.m. today and frontier crossed by small German detachments.

3. According to French Ambassador at Warsaw, communications between Germany and Poland were cut before Polish Ambassador could report the result of his conversation with Ribbentrop last night.

4. Efforts to reach Warsaw by telephone this morning have failed; lines passing through Germany.

*Italy*

Our Ambassador at Rome has received official and most secret assurance from Ciano that Italy will not fight against this country or France unless hostile action is taken against her; in which case she will defend herself with her whole strength.

It is vital that this information shall not become known to anyone. Ends.

1034.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 314

London, September 1, 1939

IMMEDIATE. SECRET. My Circular despatch B. 55.<sup>1</sup> His Majesty's Ambassador at Washington has been instructed by telegraph to request the United

<sup>1</sup> Voir le doc. 975/une doc. 975.

States Government to undertake, in the event of the withdrawal of His Majesty's Ambassador at Berlin, the protection of persons for whose protection His Majesty's Ambassador in Germany and the consular officers under his superintendence are usually responsible. Ends.

1035.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM C. 26 London, September 1, 1939

IMMEDIATE. SECRET. *Defence.* Air restrictions have been imposed. Ends.

1036.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM C. 27 London, September 1, 1939

SECRET. Following is summary of action which is being taken with regard to mobilization of naval reserves:

(1) All Royal Fleet reserves of men (Classes B and D) in this country who have not already been called out for service are being ordered to report forthwith without waiting for individual summons.

(2) All other naval reservists and pensioners in this country are being informed that they will receive individual summons when required.

(3) Commanders-in-Chief overseas have been authorized similarly to call out any officers and men required for service on station except where they are earmarked for naval service by an overseas Government.

1037.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPHRASE OF CIRCULAR TELEGRAM C. 28 London, September 1, 1939

MOST IMMEDIATE. SECRET. *Defence* precautionary stage adopted against Germany and Italy.

1038.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 30

London, September 1, 1939

**MOST IMMEDIATE. SECRET.** My immediately preceding telegram Circular C. 28.

*Italy.*

Position has not yet been declared publicly. With reference to third paragraph of message contained in my telegram Circular C. 22 it is therefore being emphasized that it is most important that no action should be taken which can be considered provocative by Italy. Ends.

1039.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 31

London, September 1, 1939

**MOST IMMEDIATE. MOST SECRET.** My telegram Circular C. 29 today.<sup>1</sup> Following for your Prime Minister, Begins: Following is provisional text of message which, if French Government agree to, we propose to instruct His Majesty's Ambassador at Berlin to deliver to German Minister for Foreign Affairs today: Begins:

On instructions of His Majesty's Principal Secretary of State for Foreign Affairs I have the honour to make the following communication:

Early this morning the German Chancellor issued a proclamation to the German army which indicated clearly that he was about to attack Poland.

At (insert time) this morning the German Chancellor issued (here will be inserted the German proclamation announcing a state of war if we have confirmation thereof).

Information which has reached His Majesty's Government in the United Kingdom and the French Government indicates that German troops have crossed the Polish frontier and that attacks upon Polish towns are proceeding.

In these circumstances, it appears to the Governments of the United Kingdom and France that by their action the German Government have created conditions (viz. an aggressive act of force against Poland threatening the independence of Poland) which call for the implementation by Governments of United Kingdom and France of undertaking to Poland to come to her assistance.

I am accordingly to inform Your Excellency that unless the German Government are prepared to give His Majesty's Government satisfac-

<sup>1</sup> Non reproduit/not printed.

tory assurances that the German Government have suspended all aggressive action against Poland and are prepared promptly to withdraw their forces from Polish territory, His Majesty's Government in the United Kingdom will without hesitation fulfil their obligations to Poland. Ends.

Apart from French observations, this draft is subject to slight revisions in the light of information concerning German attacks on Poland now reaching us. Any corrections will be communicated to you at once. Ends.

1040.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM [C.] 32

London, September 1, 1939

IMMEDIATE. SECRET. Please acknowledge urgently receipt of my telegram Circular C. 28, Secret, by telegraphing the word specified in 699-m and also receipt of my telegram Circular C. 30 by telegraphing word "DOMIT".

1041.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

PARAPIHRASE OF CIRCULAR TELEGRAM C. 35

London, September 1, 1939

MOST IMMEDIATE. SECRET. Mobilization of army has been ordered. Ends.

1042.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 37

London, September 1, 1939

MOST IMMEDIATE. Mobilization of Royal Air Force has been ordered.

1043.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 53

London, September 1, 1939

IMMEDIATE. SECRET. My telegram Circular C. 15 and Circular A. 1<sup>1</sup> of August 25th, Circular A. 3 of August 27th, Circular C. 23<sup>1</sup> of August 31st. Acknowledgments requested in 699-M not yet received.

<sup>1</sup> Non reproduits/not printed.

1044.

*Le ministère des Affaires extérieures au secrétaire aux Dominions*  
*Department of External Affairs to Dominions Secretary*

TELEGRAM

Ottawa, September 1, 1939

Tasso.<sup>1</sup>

1045.

*Le ministère des Affaires extérieures au secrétaire aux Dominions*  
*Department of External Affairs to Dominions Secretary*

TELEGRAM

Ottawa, September 1, 1939

Norma.<sup>2</sup>

1046.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 57

Ottawa, September 2, 1939

SECRET. Your telegram Circular C. 28, September 1. For your information, precautionary stage has been adopted against Germany.

1047.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 59

Ottawa, September 2, 1939

SECRET. Your telegrams Circular C. 27, C. 35, and C. 37, September 1. For your information, the following similar action has been taken here:

1. *Royal Canadian Navy*

R.C.N. has been placed on Active Service and reserves being called out as required. H.M.C.S. St. Laurent and Fraser due San Pedro U.S.A. today, en route Halifax via Panama Canal and Jamaica.

2. *Army*

Garrisons of defended ports and a reserve force of one corps of two divisions placed on Active Service in Canada and ordered to

<sup>1</sup> Reconnaissance du télégramme circulaire C. 28, 1<sup>er</sup> septembre 1939.

Acknowledgment of Circular Telegram C. 28, September 1, 1939.

<sup>2</sup> Reconnaissance du télégramme circulaire C. 15, 25 août 1939.

Acknowledgment of Circular Telegram C. 15, August 25, 1939.

mobilize. In addition, army guards on vulnerable points also placed on Active Service. All troops called out to be known as the Canadian Active Service Force.

### 3. Air Force

All units of the Royal Canadian Air Force have been ordered to mobilize and action being taken to place them on Active Service as from 1st September. Reserves being called up as required.

1048.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 335

London, September 2, 1939

**MOST IMMEDIATE. SECRET.** Following is the present situation just described by Inskip.

When the German reply to last night's warning message by United Kingdom Government is received and if it is an unsatisfactory one as is expected, Henderson will present manifesto of war to be effective either at once or at a specified hour. If the latter alternative is decided upon, this will be because of a request from the French Government, who cannot constitutionally declare war except by Parliamentary action. Their Parliament meets this afternoon. Also the French are anxious that their general mobilization should be nearer completion before war is declared.

Some sort of reply is expected from Germany. Henderson telegraphs from Berlin that it is not impossible that the German answer may embody a last minute effort to avoid war with Great Britain, but he declared that any terms proposed will be quite unacceptable.

Inskip stated that it is officially reported that the fighting which has taken place on the Polish frontier is very light in character and that the Poles have as yet made no retreat. Ends.

MASSEY

1049.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures  
Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 55

London, September 2, 1939

**IMMEDIATE. SECRET.** Swiss Minister in London has informed His Majesty's Government in the United Kingdom that German Minister in Switzerland has requested Swiss Government to take charge of German interests in the United Kingdom, the arrangement to enter into force immediately in the

event of severance of Diplomatic relations between the United Kingdom and Germany. The United Kingdom Government have replied that they have no objections to this course.

Subsequent communication from Swiss Minister makes it clear that request was intended to cover also German interests in New Zealand.

Shall be glad to know whether concurrence of your Government may be communicated to Swiss Minister. Please telegraph reply immediately.

1050.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 324

London, September 3, 1939

**MOST IMMEDIATE. MOST SECRET.** Following for your Prime Minister, Begins. My telegram Circular B. 322.<sup>1</sup> Following is text of communication to be handed to German Minister for Foreign Affairs or other representative of German Government by His Majesty's Ambassador at 9 A.M. today, Begins:

Sir,

In communication which I had the honour to make to you on September 1st, I informed you on instructions of His Majesty's Principal Secretary of State for Foreign Affairs that unless the German Government was prepared to give His Majesty's Government in the United Kingdom satisfactory assurances that the German Government had suspended all aggressive action against Poland and are prepared promptly to withdraw their forces from Polish territory, His Majesty's Government in the United Kingdom would, without hesitation, fulfil their obligations towards Poland.

2. Although this communication was made more than 24 hours ago, no reply has been received but German attacks have been continued and intensified. I have accordingly the honour to inform you that unless not later than 11 A.M. British summer time today satisfactory assurances to the above effect have been given by the German Government and have reached His Majesty's Government in London, a state of war will exist between the two countries as from that hour. Ends.

If desired German assurance is received Ambassador must inform His Majesty's Government in the United Kingdom before 11 A.M.

Failing receipt by that hour German representative in London will be informed as from that hour, a state of war exists, and His Majesty's Ambassador in Berlin is to act accordingly.

This should be treated as very secret until expiry of our time limit. Ends.

<sup>1</sup> Non reproduit/not printed.



1051.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 325

London, September 3, 1939

**MOST IMMEDIATE. EN CLAIR.** Following for Prime Minister, Begins: My telegram Circular B. 324. No reply received by eleven. Ends.

1052.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM C. 49

London, September 3, 1939

**MOST IMMEDIATE. EN CLAIR. DEFENCE.** War has broken out with Germany.

1053.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 56

London, September 3, 1939

**IMMEDIATE.** A note is being addressed to the French, United States and Italian representatives in London asking them to notify their Governments that, in consequence of the state of war which exists with Germany and in accordance with Article 24 of the London Naval Treaty, "His Majesty The King, in respect of the United Kingdom of Great Britain and Northern Ireland, hereby suspends in so far as he is concerned all obligations of the said Treaty." A similar note is being addressed to the Soviet and Polish representatives with regard to the Anglo-Soviet and Anglo-Polish Naval Agreements.

2. Canada No. 56, Commonwealth of Australia No. 37, New Zealand No. 109.

1054.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM

Ottawa, September 3, 1939

**MOST SECRET.** Following from Prime Minister for Prime Minister.

1. As you are aware the Canadian Parliament will meet on Thursday of this week.

2. In view of the announcement which you made this morning, indicating that in spite of your unceasing and persisting efforts for peace, the action and attitude of the German Government had resulted in the state of war developing between the United Kingdom and Germany, the Canadian Government, in addition to the defence and precautionary measures which it is taking under the War Measures Act and other administrative powers, will recommend to Parliament further action. The measures to be proposed are now under consideration.

3. As regards military activities our primary task will naturally be the defence of Canada, which under present circumstances is a more pressing and urgent undertaking than in the last war. We are also considering to what extent we could undertake as necessity required and our means permitted action in the Western Atlantic region, particularly in Newfoundland and the West Indies. As to further military cooperation, we should be glad to receive your appreciation of the probable theatre and character of main British and allied military operations, in order that we may consider the policy to be adopted by Canada.

4. We should also like to have your Government's present appreciation of the nature and extent of British and allied requirements as regards supplies and particularly the relative urgency of the needs for various commodities which Canadian producers could furnish. As regards munitions the despatch of the British Mission now on its way and the consultations which have already taken place should make it possible to reach prompt conclusions on detailed arrangements. Presumably the negotiations which have been taking place in the United Kingdom for the purchase of war materials and food stuffs will be completed and developed. The Canadian Government is considering what general measures of economic organization and control will be required in this country.

5. Independently of the arrangements that may be made by the United Kingdom or France for purchases of materials from producers in Canada the Canadian Government has in mind to propose to Parliament that it should undertake as one of the main elements of its war efforts to make available at our ports, as a gift to the people of the United Kingdom, 100,000,000 bushels of wheat or such portion of this amount as the United Kingdom may wish to import from Canadian sources in the period of hostilities during the current crop year. A similar proposal may be made as regards France.

1055.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*  
*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 61

Ottawa, September 3, 1939

SECRET. Reference your secret telegram September 2 concerning German Government's request that Swiss Government take charge of German interests

in United Kingdom. It is stated that communication from Swiss Minister makes it clear that request was intended to cover German interests in New Zealand. Was this telegram sent by mistake and was request intended to cover German interests in Canada? If it was intended to cover German interests in Canada I should be obliged if you would notify concurrence of Canadian Government to Swiss Minister.

1056.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1636

Washington, September 4, 1939

SECRET

Sir.

With reference to your despatch No. 468 of the 29th August concerning recent developments in the policy of the United States with regard to Japan, I have the honour to inform you that in a conversation with the Assistant Secretary of State on September 2nd on other matters I discussed the situation created by the action of the United States in giving the necessary six months' formal notice to Japan of the termination of the Treaty of Amity and Commerce of 1911.

2. In reply to my query as to whether the United States contemplated negotiating a new treaty Mr. Welles said that it would depend entirely on the attitude of Japan to the United States. He said that if the new Government were prepared to deal fairly with and respect the interests of the United States it was possible that the United States Government might be ready to consider negotiations for a new treaty. I gathered, however, that the United States Government did not contemplate taking such action in the near future and in the meantime the Government intended to keep Japan as uncertain as possible of the future policy of the United States towards Japan. This information regarding the attitude of the United States he considered to be highly confidential, but he was quite willing that I should communicate it to you.

I have etc.

W. A. RIDDELL

1057.

*Le chargé d'Affaires au Japon au secrétaire d'État aux Affaires extérieures  
Chargé d'Affaires in Japan to Secretary of State for External Affairs*

TELEGRAM 48

Tokyo, September 4, 1939

We have received no telegrams, probably due to congestion of cables, but heard British Prime Minister's speech by radio 7 hours ago.

1058.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 343

London, September 4, 1939

**SECRET.** Wing Commander Heakes, Canada Air Liaison Officer, tells me that he has reason to believe United Kingdom Government will be proposing to Government of Canada recruitment and training in Canada of large numbers of pilots, possibly two thousand per year, in addition to air crews and maintenance personnel. He has communicated direct with his own Headquarters on this subject. Should such a proposal be actually made and favourably considered by the Canadian Government, I believe that Air Ministry would accept a plan which would maintain Canadian personnel as a distinct Canadian Air Force in the field, avoiding loss of identity which would be the case of Canadians joining the Royal Air Force as individuals. I understand that such a condition is being laid down in Australia in connection with arrangements being made for recruitment for Royal Air Force in that Dominion. I would be glad to have any instructions or information that you may care to send me in connection with this matter.

1059.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*

*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM B. 330

London, September 4, 1939

**IMMEDIATE. SECRET.** My circular despatch B. 71, August 18th. On account of present attitude of German Government, German Consuls de Carrière and unsalaried Consuls of enemy nationality are not at present being issued special passes permitting departure.

2. Answers to points in your telegram in last paragraph August 30th are therefore:

- (1) Enemy Consuls would be interned;
- (2) Though not entitled to diplomatic privilege German Consuls allowed to depart would be treated with every courtesy as to baggage examination;
- (3) Special arrangements would not apply, and Consular employees of German nationality are being treated on same principles as ordinary enemy aliens;

(4) Consular archives are being treated in accordance with usual practice as immune.

1060.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

CONFIDENTIAL

September 4, 1939

*Enquiry from the French Legation as to possibility of cooperation by way of information given to French Consuls in Canada on location of ships (mainly French ships situated near or in Canadian waters)*

M. de Lageneste raised this question yesterday noon without, however, making his point quite clear. He called again at the Office this morning and, from further information given by him, the French Foreign Office a few days ago instructed their Consul, Mr. Croy, at Quebec, to seek information on the position of a French merchant vessel in the vicinity, and Mr. Croy apparently tried to obtain the information in question in Quebec but could make no headway as no Canadian officials appear to have authority to give any information on this subject.

M. de Lageneste saw the Deputy Minister of Transport yesterday, who told him that, according to the regulations, information of this nature was not to be communicated to representatives of any foreign power and that, if an exception is going to be made in the case of France under the circumstances, the Department of Transport should receive instructions to that effect from the Department of External Affairs.

M. de Lageneste added that, if such information could be communicated to their Consuls by way of cooperation under the circumstances, there would likely be no danger of this information, when transmitted by the Consuls to the French authorities, being effectively intercepted by the Germans as the French Consuls use a special code or cypher, the key of which is not likely yet to be known by the Germans, and which in any case changes from time to time as may be necessitated by new circumstances.

Towards the end of the conversation, M. de Lageneste put the matter in a more general form when he intimated that, assuming that Canada is at present, or will be after Parliament meets, in a state of war, a system of cooperation for the exchange of information might be useful to Canada and France.

With reference to the case of the vessel in connection with which Mr. Croy was trying to get information, M. de Lageneste said that the purpose, of course, of the request was the protection of French vessel in question and the safety of life involved therein.

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<sup>1</sup> De/by L. Beaudry.

1061.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 286

Ottawa, September 4, 1939

IMMEDIATE. Please advise immediately whether German Consuls have yet left England.

1062.

*Le consul général d'Allemagne au Premier ministre*  
*German Consul General to Prime Minister*

Ottawa, September 4, 1939

Sir,

Conforming to a rule laid down by my Government, that no public slander against Germany is to be allowed to pass without formal refutation, I have the honour to lodge with you an emphatic protest against the wholly unwarranted accusations you have, according to official press reports, broadcast against Germany, as being guilty of "wanton disregard of all treaty obligations and peaceful methods of adjusting international disputes"; of having had "resorted to agencies of deception, terrorism and vengeance"; of relying "upon force"; of indulging in "lust for conquest"; of being determined "to dominate throughout the world", which you consider "the real cause of the war that today threatens the freedom of mankind."

I fully agree that the real cause of the present conflagration is to be found in an indisputable "wanton disregard of treaty obligations", a "resort to agencies of deception, terrorism, vengeance and force", a "lust for conquest and for domination of the world".

It was, indeed, "wanton disregard of treaty obligations" when the Allied and Associated Powers violated in the most flagrant way the freely undertaken obligation to make the so-called fourteen (and additional) points of President Wilson a basis of peace. On the strength of this agreement, which Secretary of State Lansing had bindingly concluded in the name and by the authority of the Allied and Associated Powers, Germany laid down arms in November, 1918, only to learn soon that she had become victim of cruel "deception" and had exposed herself to the worst kind of "terrorism and vengeance". By trusting in the Lansing Agreement, which was binding upon all enemy powers, it had become a defenseless object of "force, lust of conquest and determination to dominate throughout the world."

The so-called Peace Treaty which Germany, by every form of brutal force and starvation, was compelled to sign did not fulfil a single one of Wilson's fourteen (and additional) points. It was a gross breach of treaty on the part

of the Allied and Associated Powers and as such was a means of enforcing a de facto state of affairs, but not of creating a legal situation which Germany would have been legally or morally obliged to observe.

Nothing Germany has done since that so-called "Peace Treaty" can in any way be termed a violation of any treaty obligation. Not a single German measure had any other purpose but that of furthering the exclusively binding law as created by the Lansing Agreement and of removing an illegal state of affairs created in contravention of this Agreement. Germany has done everything in her power to right the wrong by peaceful means. The guilt is Britain's and that of her allies that they, on the contrary, have attempted to hinder the peaceful removal of wrong by every means and have, finally, taken up arms for this purpose.

As for Canada, which, under your leadership, Mr. Prime Minister, appears to be resolved to enter this war against Germany, no dialectics will succeed in abolishing the fact that Canada has never been threatened by Germany, has never been insulted, has never been injured in her interests; that Canada is not being attacked by Germany, that, on the other hand, Germany is to be attacked by Canada.

In my letter to you, Mr. Prime Minister, of December 1st, 1938,<sup>1</sup> I called the attention of the Canadian Government to, and protested energetically against, the fact that a member of the Government, the Minister of Defence, Honourable Mr. Ian Mackenzie, had attempted to mislead the public of Canada and the rest of the world by the statement that Canada was threatened by air attacks from Germany. I protested that this statement, as was evident to everyone including Mr. Mackenzie, was and is entirely untenable. In spite of this he made the statement "resorting to deception", because, as I stated in my letter at the time, he was endeavouring to make the Canadian people armament-minded and, I might have added, in order to cause them to join the English encirclement front against Germany. He himself confessed to this evident "deception" of the Canadian people by stating in an official press statement a few days ago, that there is no danger of any aerial attacks on Canada by Germany.

At the same time this official statement convicts the Leader of the Opposition, the Honourable Dr. Manion, of "deception" of the Canadian people. Both in Parliament and at other occasions, he has painted in vivid colors the danger of German aerial attacks which are now officially recognized as non-existent. Deception in this, as in innumerable other instances, was not being practiced by Germany, but against her.

This was done to incite a people, the Canadian people, to a war against Germany; the Canadian people, which in no single one of its interests, had been or is now being threatened by Germany; a people with whom Germany has the desire to live in peace. There is no doubt that this people likewise in its great majority has no other wish but to live in peace with Germany. A plebiscite such as was emphatically demanded a few days ago by the

<sup>1</sup> Non reproduite/not printed.

French-Canadian journal "L'Illustration Nouvelle", would establish this fact beyond any uncertainty. For the very reason, that no doubt can exist in this respect, I am convinced, Mr. Prime Minister, that your Government will not permit a plebiscite. On the contrary, I am convinced that your Government is resolved to embroil a whole people, against its will and unconsulted, in a terrible war, under the pretense of fighting for the freedom of mankind. You intend, Mr. Prime Minister, to have this resolve sanctioned by the Canadian Parliament. No one knows better than you, Mr. Prime Minister, that this Parliament, without the Government's resolve to war, would have been dissolved before now and has, to use the language of a French-Canadian newspaper, no mandate for a resolution of this kind. To support this view there is a highly significant fact, well-known throughout Canada, although at present somewhat overlooked in public discussion. It is the fact best known, I dare say, to yourself, Mr. Prime Minister, that you yourself, during the last federal elections, have unmistakably established as a plank in your election-platform the principle that this Dominion of Canada could not and ought not to, be engaged in war in far-away countries except in virtue of a previous plebiscite. If this principle determining the election of the present Parliament is to be brushed aside once it has served its electioneering purpose, would this not, Mr. Prime Minister, be a very outstanding instance of gross political deception? And would not the conclusion be justified that the Canadian battle on behalf of the freedom of mankind is to begin with a rape of the freedom of the Canadian people which, after all, is supposed to be that part of mankind which is nearest to the hearts of Canadians.

I have etc.

E. WINDELS

1063.

*Le Secrétaire général, la Société des Nations  
au ministère des Affaires extérieures  
Secretary-General, League of Nations  
to Department of External Affairs*

TELEGRAM

Geneva, September 4, 1939

Have received following telegram from United Kingdom Government "In present circumstances it would be impossible for British delegation to reach Geneva for Council and Assembly on September eleventh. Other delegations are understood to be faced with the same problem and I would therefore suggest that you should in consultation with President of the Council inform all members that both meetings are postponed until the earliest date on which it can be arranged that delegations can attend Halifax."

Please telegraph whether you accept proposed adjournment assembly. If adjournment accepted by majority shall consult President Assembly regarding new date session.

AVENOL



1064.

*Le secrétaire d'État aux Affaires extérieures  
au Secrétaire général, la Société des Nations*

*Secretary of State for External Affairs  
to Secretary-General, League of Nations*

TELEGRAM

Ottawa, September 5, 1939

Your telegram September 4th, regarding postponement of Assembly received. Canadian Government agree to proposed adjournment.

1065.

*Le ministre en Belgique au secrétaire d'État aux Affaires extérieures*

*Minister in Belgium to Secretary of State for External Affairs*

TELEGRAM 57

Brussels, September 5, 1939

By letter of September 4 received this morning Belgian Government officially notified this Legation of its firm determination to maintain its neutrality in the present European conflict. The text of the regulations adopted in consequence is being sent by air mail. Parliament meeting this (word omitted). A press communiqué has been issued to the effect that from September 4 Consular visa will be required from Belgians who desire to land in Great Britain.

1066.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 345

London, September 5, 1939

Your telegram No. 286, September 4th. German Consuls not being allowed to leave England until British consuls leave Germany.

MASSEY

1067.

*Le consul général d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, September 5, 1939

Sir,

According to information received from the German Consulate at Montreal, a large number of German nationals, residents of Montreal, have been

arrested and taken into custody the night of September 3rd to 4th without any judicial warrant having been issued to justify these arrests.

I have the honour to protest strongly against this illegal measure and to ask for the immediate release of the arrested German nationals. In case that the War Measures Act recently put into force should be invoked in order to justify the arrestments, I beg to point out that, there being no state of war between Germany and Canada, German nationals ought to be granted all the guarantees of personal freedom and liberty provided by the Canadian law and could not, in my opinion be treated as alien enemies.

Asking for a reply at your earliest convenience.

I have etc.

E. WINDELS

1068.

*Le consul général d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, September 5, 1939

Sir,

Considering that—as I stated yesterday to you—in a fateful moment such as this, no risk of any mistake or misunderstanding should be incurred, I have the honour to confirm the conversation we had last night by the following resumé:

You intimated to me at the time the wish of the Canadian Government that I prepare for my departure and leave at the earliest possible convenience.

To this I could only answer that I did not consider it compatible with my duty to leave my post as long as I was not aware of a state of war having been declared between Germany and Canada or of a rupture of diplomatic relations between the two countries having taken place. I added that I had received special instructions to this effect from my Government.

You replied that in your view it might be doubted that there had ever existed any diplomatic relations between our two countries, to which I had to reply that if the Canadian Government intended to take this stand, I would be compelled to ask for a notification in due form of a rupture of such relations as had without any possible doubt existed between my country and yours.

You promised to bring this question to the attention of the Prime Minister for decision.

I concluded discussion of this question with the reiterated statement that I felt obliged and intended to remain at my post as long as the recognition of my quality as Consul General for Germany to this country had not been officially revoked. I had to add that according again to express instructions

received from my Government, I could not and consequently did not intend to approach the representative of the power designated to take charge of German interests at any earlier moment than after such notification.

I trust you will oblige me by an appropriate notice in case this resumé should not in your opinion be a correct statement of what transpired between us.

I feel I should supplement my last night's communications to you by pointing out the fact that I still hold the Exequatur dated the 18th day of June 1937 and signed by His Majesty King George VI and countersigned by the Right Honourable W. L. Mackenzie King, Secretary of State for External Affairs. I trust that as long as this Exequatur has not been withdrawn or declared in a formal and adequate way to be invalid, the Canadian Government will, conforming to recognized international rules, continue to grant me as stated in the Exequatur, "all the Privileges, Immunities and Advantages thereto belonging", inter alia the free and unlimited use of postal, telephone and telegraph facilities.

I take it for granted that the same attitude will be taken with respect to the German Consulates in Canada subordinated to this Consulate General.

I have etc.

E. WINDELS

1069.

*Le consul général d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, September 5, 1939

Sir,

In continuation of my letter of this morning, I have the honour to inform you that, according to a report from the German Consulate at Montreal, the Postal Authorities at Montreal refuse to deliver mail intended for the Consulate.

I beg to refer to the expectation which I expressed in today's letter that, as long as the Exequatur given to myself and the subordinated German Consuls in Canada, has not been withdrawn or declared invalid, the privileges and advantages, in particular as regards postal and telegraphic facilities, will be accorded.

I would ask you, therefore, to cause suitable instructions to be given to the competent authorities in Montreal and to advise me of the steps taken in this regard.

In case similar measures should have been taken in Winnipeg with regard to the German Consulate at Winnipeg or in Ottawa with regard to this Consulate General, I would ask you to take appropriate steps immediately to remedy this situation.

I have etc.

E. WINDELS

1070.

*Le sous-secrétaire d'État aux Affaires extérieures  
au consul général d'Allemagne*

*Under-Secretary of State for External Affairs  
to German Consul General*

Ottawa, September 5, 1939

Sir,

With reference to our conversation of yesterday, I desire to confirm my oral statement that the question of the departure of German Consuls from Canada is receiving consideration by the Canadian Government, and that you will be informed in due course of the action that will be taken.

I have etc.

O. D. SKELTON

1071.

*Mémorandum<sup>1</sup>*

*Memorandum<sup>1</sup>*

STRICTLY CONFIDENTIAL

September 5, 1939

*Re: Defence Committee of the Cabinet*

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

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

There were also present the following heads of Services:

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

<sup>1</sup> De/by A. D. P. Heeney.

Chief of the Naval Staff (Naval Branch)  
Rear-Admiral P. W. Nelles;  
Senior Air Officer (Air Force Branch)  
Air Vice-Marshal G. M. Croil;

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

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

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

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

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

- (1) to provide for the defence of Canadian coasts;
- (2) to provide for the internal security of Canada;
- (3) to provide the organization of an expeditionary force if, in the light of developments, such were deemed advisable, and such were decided upon by the government.

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

mobilized troops could be used to go overseas, but they would then be required to be replaced for Canadian purposes by calling up of further units.

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

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

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

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

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

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

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

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

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

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

1072.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominion Secretary to Secretary of State for External Affairs*

TELEGRAM 59

London, September 6, 1939

IMMEDIATE. SECRET. Following for your Prime Minister, Begins: I am very grateful for your message<sup>1</sup> and for information as to the defence and precautionary measures which the Canadian Government are taking or considering.

2. We realize that, as regards military activities, the immediate task of the Canadian Government will be the defence of Canada. As regards concerted measures, we are most grateful for your offer of assistance, so far as is necessary and possible, in the western Atlantic region. Participation in protection of Newfoundland will be of special value in view of the importance of the Bell Island iron ore mines.

3. As regards further military cooperation, our appreciation of the probable theatre of war and the character of main British and Allied military operations will be communicated separately as soon as possible.

4. Generally, so far as immediate steps are concerned, provision of naval vessels and facilities and of air force personnel would be of most assistance, and in particular at present time supply of any pilots and aircraft crews available is a capital requirement. As regards land forces, policy here is to avoid a rush of volunteers such as occurred in the last war and to expand by means of a controlled intake. The chief requirement is for certain technical personnel.

5. As regards supplies, there will undoubtedly be large requirements of Canadian dollars. According to Canadian balance of payments figures, Canada had an "active" balance with United Kingdom of about 175 million dollars a year over the years 1935 to 1937. United Kingdom purchases of some commodities obtained during those years in Canada will necessarily be curtailed, but purchases of other essential commodities are likely to be largely increased if necessary finances can be found.

6. It follows that the net balance of payments in favour of Canada may be substantially higher in war than in peace-time. For instance, if dollars are available for food defence department would like to increase our normal food imports from Canada by a very large amount, perhaps 100 million dollars, Ministry of Supply wish to purchase large supplies of various raw materials, in particular, copper, aluminium, nickel, and perhaps timber. Moreover, Air Ministry in addition to their outstanding commitments, would like to place very substantial further orders for aircraft and accessories. (The technical mission which as you know is now on its way to Canada has full particulars).

<sup>1</sup> Voir le doc 1054/see doc. 1054.

All of these supplies are needed for the efficient prosecution of the war and the feeding of the civilian population. Figures which could be given at the present stage would not be exact enough to be of much value but we must reckon on our needs of Canadian dollars in war-time greatly exceeding our peace-time needs, perhaps by 200 and nearer 300 million dollars a year.

7. In the circumstances perhaps the most valuable immediate assistance which Canada could give in this field would be any steps which are possible to assist us in the financing of desired purchases. Ends.

1073.

*Le haut commissaire de Grande-Bretagne au sous-secrétaire d'État  
aux Affaires extérieures*

*British High Commissioner to Under-Secretary of State  
for External Affairs*

Ottawa, September 6, 1939

SECRET AND IMMEDIATE

My dear Dr. Skelton,

In his telegram No. 59 of the 6th September the Secretary of State for Dominion Affairs gave an outline at the request of the Prime Minister of Canada of the nature of the co-operation which, subject to Canada's own vital requirements, the Government to the United Kingdom would seek from the Canadian Government.

I now enclose a memorandum which gives in considerably further detail, the specific measures in so far as defence questions are concerned, which the United Kingdom Government had in mind in framing the above mentioned telegram. I should be grateful if they could receive the earliest and most careful consideration by the Canadian Government.

Apart from defence questions you will have observed that Mr. Eden, in his telegram No. 59 referred to above, specified certain matters of a financial and supply nature, in which the co-operation of the Canadian Government would be of the highest importance to the United Kingdom Government. Many of these matters have already been the subject of correspondence during recent months. In particular, and at the very outset, I am instructed to say that the opening by the Canadian Government of an immediate credit in favour of the purchasing Departments of the United Kingdom Government would be of the utmost value to the United Kingdom.

I need hardly say that I should be most grateful for the earliest possible information as to what action it may be found practicable to take regarding the matters dealt with in the present communication.

Yours sincerely,

GERALD CAMPBELL



[PIÈCE JOINTE/ENCLOSURE]

*Mémemorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

SECRET AND IMMEDIATE

[September, n.d., 1939]

## (a) Navy.

1. The six destroyers of the Royal Canadian Navy to be placed under Admiralty orders (unless it is necessary from the Canadian point of view to retain two destroyers on the west coast the Admiralty would prefer to employ them on the east coast).

2. The completion of the fitting of Asdic equipment to "Saguenay" and "Skeena" and 14 minesweepers.

3. Naval bases at Halifax and Esquimalt, especially the former, to be placed in complete readiness including Anti Submarine boom and to be available for Royal Navy.

4. 8 Minesweeping vessels to be taken up and fitted at Sydney Cape Breton and 6 Minesweeping and three Anti Submarine at St. John's Newfoundland.

5. Provision for the maintenance of a reserve of 30 thousand tons of naval fuel oil at Halifax.

6. Small craft for Anti Submarine and Minesweeping duties to assist the Commander-in-Chief, America and West Indies Station, in West Indian local defence.

7. Provision of aircraft for seaward reconnaissance at the convoy assembly port of Halifax.

8. Fleet air arm. Aerodrome facilities for the operation of 6 aircraft and accommodation at Esquimalt for 3 aircraft and 8 reserve aircraft. Accommodation at Halifax for 1 officer 13 Chief Petty Officers and 28 men and at Esquimalt for 1 officer 5 Chief Petty Officers,\* Petty Officers and 11 men. The maintenance at Halifax of 500 tons of D.T.D. 230 aviation spirit and 30 tons aero lubricating oil. D.T.D. 109.

9. Fitting out "Letitia", at present at Quebec, as a Merchant Cruiser at an east coast port. Fitting [sic] out as Merchant Cruisers at Esquimalt of Monowai and Rajputana at present in Australia and China respectively, to be capitalized later.

10. Canadian Government to proceed with arming of Defensively Equipped Merchant Ships. If convenient, the majority of equipments at Esquimalt to be transferred to the east coast. Defensively Equipped Merchant Ships instructional staff mainly required at Canadian ports (appendix CBO 1764/39) and gun-layers in Defensively Equipped Merchant Ships to be provided from

\* number being ascertained.

<sup>1</sup> Du gouvernement de Grande Bretagne, by British Government.

Canadian sources, His Majesty's Government in the United Kingdom regret that trained personnel from the United Kingdom cannot at present be made available.

11. 2 trained officers will be sent for duty at the convoy assembly port at Halifax to assist in organizing convoy service. Additional personnel required for this staff and for naval control service staffs at Sydney Cape Breton Quebec and Vancouver to be supplied from Canada.

12. Naval reserves surplus to Canadian requirements to be made available for Royal Navy.

13. Recruitment from civilian life of officers and technicians with specialist qualifications, viz. trained civilian pilots for service in the fleet air arm, yachtsmen or ex mercantile marine officers suitable for Royal Naval Volunteer Reserve commissions, telegraphists and signalmen, artificers, scientists, electrical and wireless telegraphy and skilled electrical workmen.

14. Examination of possibility of building vessels, escorts "Black Swan" type, small mine sweepers and Anti Submarine trawlers for Royal Navy.

(b) Army.

15. While it is hoped that Canada would exert her full national effort as in last war, even to the extent of the eventual despatch of an expeditionary force, it is realised that no statement of policy on these lines is likely to be possible at the moment. Would it be possible, however, to consider as an immediate programme

(a) the despatch of a small Canadian unit which would take its place along side the United Kingdom troops.

(b) the provision of technical units, particularly signal, royal engineers, ordnance, medical, transportation (particularly railway construction and operating) units for attachment to United Kingdom formations.

(c) technical personnel for enlistment in United Kingdom units, particularly fitters, electricians, mechanics, instrument mechanics, alternatively motor transport drivers, and officers with similar qualifications.

(c) Air Force.

16. A general reconnaissance squadron of eastern air command to co-operate with forces at Halifax.

(see paragraph 7 above)

17. The United Kingdom authorities anticipate real difficulty in meeting personnel requirements if, as seems likely intensive air operations develop in Western Europe. It is suggested therefore that the best way in which Canada could assist would be to concentrate first on the individual training of pilots, observers, and particularly air gunners and W/T operators, rather than by forming and training complete units for despatch to Europe (Canadian ex-

peditionary force units excepted). When sufficient officers and personnel were available in England and France the aim would be to form a Royal Canadian Air Force contingent.

18. If this suggestion is acceptable the first step would be to adopt an intensified war training scheme with existing resources with a view to an immediate increase in existing output of 120 pilots a year.

19. Further steps:

(a) the rapid expansion of present training facilities using civil aerodromes with the aim of 2,000 pilots a year.

(b) the training of as many observers and air gunners as possible perhaps by using existing service squadrons.

(c) The immediate enlistment of skilled mechanics both for Canadian expansion and for Royal Air Force.

(d) At a later stage it may be desirable if possible to transfer at least 4 Royal Air Force flying training schools to sites in Canada.

20. Supplies. The technical mission from the United Kingdom now on its way to Canada (some members of which left September 2nd) has full details. The most important items are aero-engines and alloys.

Generally speaking, and where points contained in this memorandum are acceptable to the Canadian authorities, Departments in the United Kingdom would like to get into direct touch with Canadian services as regards further details.

1074.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

DESPATCH 1654

Washington, September 6, 1939

Sir,

I have the honour to enclose copies of the following documents:

1. A proclamation by the President of the United States of America proclaiming the neutrality of the United States in the war between Germany and France; Poland; and the United Kingdom, India, Australia and New Zealand.

2. A proclamation by the President of the United States of America regarding the export of arms, ammunition, and implements of war to France; Germany; Poland; and the United Kingdom, India, Australia and New Zealand.

3. Supplement to the pamphlet, International Traffic in Arms—laws and regulations administered by the Secretary of State governing the International Traffic in Arms, Ammunition, and Implements of War and Other Munitions of War.

4. Press release issued by Department of State to explain the difference between proclamations 1 and 2.

5. A proclamation by the President of the United States of America prescribing regulations concerning neutrality in the Canal Zone.

6. An Executive Order prescribing regulations governing the passage and control of vessels through the Panama Canal in any war in which the United States is neutral.

A hasty comparison of document No. 1 with the proclamations on neutrality issued by President Wilson at the outbreak of the Great War in 1914, indicates that the present proclamation follows closely the lines of those of twenty-five years ago. The current proclamation, however, is in somewhat stronger terms since it contains a number of prohibitions (see nos. 12-17) not contained in the 1914 proclamations. In the present proclamation, of course, there is no reference as there was in the 1914 proclamations to the intention of the United States to continue with the commercial manufacture and sale of arms or munitions of war.

2. You will observe from the enclosed press clipping of September 6th that the proclamation bringing into effect the embargo on arms, munitions and implements of war, which was drawn up by the State Department, was modified by the President. My information, which I had checked with three officials of the State Department, was to the effect that Canada was to be included. The President deleted the British Dominions beyond the Seas and inserted Australia and New Zealand in his handwriting.

I have etc.

1075.

W. A. RIDDELL

*Le consul général de Pologne au sous-secrétaire d'État  
aux Affaires extérieures*

*Polish Consul General to Under-Secretary of State  
for External Affairs*

No. 52/136

Ottawa, September 6, 1939

Sir,

According to the telephonic request of today, I have the honour to enclose herewith the answer of my Government to the Peace Appeal<sup>1</sup> of the Right Honourable W. L. Mackenzie King, Prime Minister of Canada, to the President of Poland Ignacy Moscicki, which I was instructed to convey orally.

I have etc.

JAN PAWLICKA

<sup>1</sup> Voir le doc. 1001/see doc. 1001.

[PIÈCE JOINTE/ENCLOSURE]

*Le président de la République de Pologne au Premier ministre*  
*President of the Republic of Poland to Prime Minister*

[September n.d., 1939]

The Government of Poland appreciate the efforts of the Prime Minister of Canada for maintaining of the peace and is sure that the Canadian Government has no doubts as to the fact that it is not the Government of Poland who makes the aggressive demands and provokes the international crisis.

1076.

*Le consul général d'Allemagne au sous-secrétaire d'État*  
*aux Affaires extérieures*  
*German Consul General to Under-Secretary of State*  
*for External Affairs*

Ottawa, September 6, 1939

Sir,

I have the honour to draw your attention to a report in the 5 o'clock edition of the "Ottawa Journal" of September 5th, according to which the Department of External Affairs had been apprised of a statement attributed to me in a Toronto paper.

I need hardly say that this report of the "Globe and Mail" is nothing but an impudent lie and that not one word attributed to me has been uttered by me except that I have indeed, as stated in the report, advised Mr. H. Dingman, author of this propaganda-lie, that, having flatly refused to answer any question or giving any statement, I should be obliged and entitled to "brand as an impudent lie" any word he might attribute to me.

I had to take this stand with Mr. Dingman for the very reason that I was fully aware of the reputation given to him by other newspapermen who had told me that he was known to have even mis-stated the Prime Minister. In view of this fact I intimated at once to Mr. Dingman that I could not answer any question unless he gave me a formal assurance that no report would be published except after having been expressly authorized by me. When Mr. Dingman refused to give this assurance I told him that I was fully aware of the real purpose of his visit and bade him to leave.

I have etc.

E. WINDELS

1077.

*Le consul général d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, September 7, 1939

Sir,

In confirmation of my letter of September 5th, in which I expressed the expectation that the Canadian Government would, in conformity with recognized international rules, continue to grant me the unlimited use of postal, telephone and telegraphic facilities, as provided for in my Exequatur, and with reference to my second letter of the same date in which I informed you that the Postal Authorities in Montreal refuse to deliver mail addressed to the German Consulate at Montreal, I have the honour to inform you that, not only has this situation not been remedied, but this Consulate General has not received any letter mail since last Tuesday afternoon.

Nor has a mailbag, the arrival of which was advised by the Railway Express Company, and the necessary papers for which were delivered to the Collector of Customs at Ottawa early on Tuesday, been delivered at this Office at the time of writing.

This mail and express embargo renders it impossible for me to fulfil my consular functions.

I have the honour to request that the Canadian Government take immediate steps to enable me to perform my official duties by affording me facilities for free official correspondence.

I have etc.

E. WINDELS

1078.

*Le Secrétaire général, la Société des Nations  
au ministère des Affaires extérieures*

*Secretary-General, League of Nations  
to Department of External Affairs*

TELEGRAM

Geneva, September 7, 1939

Adjournment accepted majorities Assembly Council.

AVENOL

1079.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

CIRCULAR TELEGRAM E. 15

London, September 8, 1939

My telegram 4th September, Circular B. 330, Southern Rhodesia No. 89.

Certain United Kingdom Consular officers are being held in Germany and matter of their release is now being taken up through United States Embassy. In the meantime we are continuing to hold German Consular officers in the United Kingdom, and it would be of great assistance in securing satisfactory attitude on the part of the German Government if similar action were taken as regards German Consular officers in other parts of the British Commonwealth of Nations. Ends.

1080.

*Le sous-secrétaire d'État aux Affaires extérieures*  
*au consul général d'Allemagne*  
*Under-Secretary of State for External Affairs*  
*to German Consul General*

Ottawa, September 8, 1939

Sir,

With reference to your letter of the 5th September, 1939, concerning the question of delivery of mail intended for the German Consulate at Montreal and other German Consular offices in Canada, I have the honour to state that steps have been taken to make enquiries on this subject in order to determine whether the situation calls for any remedial action.

I have etc.

O. D. SKELTON

1081.

*Le consul général d'Allemagne au sous-secrétaire d'État*  
*aux Affaires extérieures*  
*German Consul General to Under-Secretary of State*  
*for External Affairs*

Ottawa, September 8, 1939

Sir,

I have the honour to refer to our conversation of September 4th, to my letter of September 5th and your letter of the same date regarding the question of the departure of German Consuls from Canada. I handed you at the time a memorandum listing the personnel of this Consulate General and sent you subsequently a corresponding memorandum regarding the personnel at Montreal.

Owing to the fact that mail addressed to this Office and to other German Consulates in Canada is being withheld by the Canadian authorities, I have been prevented from obtaining reliable and complete date [sic] concerning the personnel of our Consulate at Winnipeg, which, in ignorance of the mail-embargo, I had promised to furnish.

I should like to repeat here, as a matter of record, the various other details discussed between us at the time:

a) Sufficient time to be allowed for the purpose of handing over at the given time of Consular Affairs and Archives to representatives of a neutral power (Switzerland).

b) ditto for settling personal affairs of staffs, breaking up households, storage of furniture, settling outstanding obligations.

c) Issuance of special passports by Canadian Government to entire personnel for free departure from country.

d) Protection by Canadian Government for persons, residences and personal property up to actual departure from Canada; likewise for residences and household goods left in storage after departure.

e) Permission to take

1) personal funds

2) purely personal papers (if necessary after inspection by an official of your Department)

3) baggage.

f) Authorization to advise Foreign Office Berlin by cable of rupture of diplomatic relations.

I have the honour to ask you to please confirm the above and to indicate in your reply the outcome of our conversation with regard to the individual questions enumerated above.

I have etc.

E. WINDELS

1082.

*Le consul général d'Allemagne au sous-secrétaire d'État  
aux Affaires extérieures*

*German Consul General to Under-Secretary of State  
for External Affairs*

Ottawa, September 8, 1939

Sir,

I have the honour to refer you to my letter of September 7th, in which I requested that the Canadian Government take steps to enable me to perform my official duties by affording me facilities for free official correspondence.

No mail has been received at this Office today; nor has an official mail bag, at present at Customs, been delivered; the embargo is being continued.



According to a Canadian Press dispatch from Ottawa of September 7th the Prime Minister declared that "the Speech from the Throne made no change in the position of Canada as it has been since the proclamation under the War Measures Act was issued".

It appears, therefore, that no state of war exists between Germany and Canada. Consequently I maintain that I am entitled to the favourable assistance in the exercise of my Office and to all the Privileges, Immunities and Advantages thereunto belonging, as vouchsafed to me in the Exequatur issued to me, and not withdrawn or revoked.

I have the honour to request that the authorities be instructed to honour the signature of His Majesty the King, thereby observing at the same time established rules of international law.

I have etc.

E. WINDELS

1083.

*Le sous-secrétaire d'État aux Affaires extérieures  
au sous-ministre des Mines et des Ressources  
Under-Secretary of State for External Affairs  
to Deputy Minister of Mines and Resources*

Ottawa, September 8, 1939

Dear Dr. Camsell,

A few days ago you asked what effect the United States Neutrality law, when proclaimed, might be expected to have upon the export from the United States of such materials as base metals, and Mr. Christie of this Department informed you by telephone that this law in itself would have no effect upon such things since its application is confined to a list which comprises only "arms, ammunition and implements of war".

At the same time we asked our Legation in Washington to advise us, as regards raw materials including strategic base metals, what restrictions if any upon export from the United States already exist or may be contemplated on grounds of conserving United States supplies. The Legation have now replied that the only materials of this character upon which export restrictions exist are tinplate scrap and helium. They add that the State Department in Washington are not aware of any immediate proposals to place restrictions upon the export of other materials.

The Legation will keep us informed in this connection and we shall be glad to pass on to you any information received.

Yours sincerely,

O. D. SKELTON

1084.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 301

Ottawa, September 9, 1939

**MOST IMMEDIATE. SECRET.** It is probable that it will be necessary for you to make a most important submission to the King possibly tomorrow on behalf of the Canadian Government. You should therefore ascertain where His Majesty will be and hold yourself in readiness to act without delay upon receipt of instructions.

1085.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne*  
*Secretary of State for External Affairs  
to High Commissioner in Britain*

TELEGRAM 306

Ottawa, September 9, 1939

**SECRET. MOST IMMEDIATE.** It is requested that the following submission be made to His Majesty the King. Begins:

The Prime Minister of Canada presents his humble duty to His Majesty the King.

It is expedient that a Proclamation should be issued in the name of His Majesty, in Canada, declaring that a state of war with the German Reich has existed in Canada as and from September (date to be inserted later).

The Prime Minister of Canada, accordingly, humbly submits to His Majesty the petition of the King's Privy Council for Canada that His Majesty may approve the issuing of such a Proclamation in His name.

The Prime Minister of Canada remains His Majesty's most faithful and obedient servant.

W. L. MACKENZIE KING,  
Prime Minister of Canada.

Ottawa, September (date to be inserted later), 1939. Ends.

It is requested that you present the above submission in writing immediately to the King, informing His Majesty that upon approval by Parliament of the address to His Excellency a short telegram [in] clear will be sent.

asking you to complete the submission. You will inform the King that His Majesty's Government in Canada desires that His Majesty's approval be communicated immediately by telegram, either directly or through you, for publication in Canada by Proclamation in His Majesty's name in the Canada Gazette. Formal submission in writing will follow.

1086.

*Le ministère des Affaires extérieures au haut commissaire en Grande-Bretagne*  
*Department of External Affairs to High Commissioner in Britain*

TELEGRAM

Ottawa, September 9, 1939

PRIORITY. MOST IMMEDIATE. Complete submission at earliest possible time. Insert date of September tenth. Advise approximate time you anticipate The King's approval will be given.

1087.

*Le consul général d'Allemagne au sous-secrétaire d'État*  
*aux Affaires extérieures*

*German Consul General to Under-Secretary of State*  
*for External Affairs*

Ottawa, September 9, 1939

Sir,

I have the honour to draw the attention of the Canadian Government to an A.P.-dispatch from Budapest published e.g. in the Montreal "Gazette" of September 9th and stating that an appeal over the radio has been launched to the Polish population urging

"Polish civilians to defend their villages against German Hordes with bare hands if necessary. All men, women and children"—so this appeal goes on—"must take up arms against the invaders. The population of villages must be prepared to defend themselves against the invaders behind barricades."

Taking into consideration the possible consequences of this or similar appeals, I beg to draw attention to the established rules of international law and the laws of war, setting forth the conditions under which irregular forces may expect to be treated as legally fighting bodies, and failing which, according to the laws of war as set forth by L. Oppenheim, "International Law Vol. II War and Neutrality, London 1921 § 80, p. 106", they are "liable to be shot".

At the same time I want to point out that any place, town, village or house defended by armed resistance is, in conformity with the laws of war, subject to all legal means of warfare destined to break such resistance.

I have etc.

E. WINDELS

1088.

*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*

[Ottawa] September 10, 1939

SECRET

Dear Dr. Skelton,

With reference to the despatch of the 6th September from the High Commissioner for the United Kingdom, and particularly to that part of the memorandum, attached thereto, dealing with the Air Force, it is suggested that a communication in the sense of the following should be despatched to the United Kingdom authorities indicating in broad outline the plan which it is thought could be put into effect if acceptable.

The rapid expansion of Royal Canadian Air Force training facilities for officers and airmen is being put in hand immediately with the object of providing the maximum possible numbers of trained pilots, observers, air gunners, W/T operators and tradesmen.

A number of Canadian Officer pilots with considerable flying experience on civil types but untrained in service duties, plus a number of newly enlisted airmen of various trades, can be made available for despatch to the United Kingdom within six weeks. These Canadian personnel, if desired, can be made available on loan for supplementing Royal Air Force Establishments. Indications of the numbers of personnel available for early despatch will follow.

It is the desire of this Government that Canadian Air Force units be formed as soon as sufficient trained personnel are available overseas for this purpose, such squadrons to be manned and maintained with Canadian personnel at the expense of the Canadian Government. Owing to the shortage of service equipment in Canada, Canadian squadrons overseas would require to be completely equipped by the United Kingdom authorities, at Canada's expense.

The reaction of the United Kingdom authorities to these proposals would be welcomed. Should they prove acceptable, it is recommended Air Ministry officials be authorized to get into direct touch with the Chief of the Air Staff, Royal Canadian Air Force.

Yours very truly,

IAN A. MACKENZIE

1089.

*Le haut commissaire en Grande-Bretagne au secrétaire d'État  
aux Affaires extérieures*

*High Commissioner in Britain to Secretary of State  
for External Affairs*

TELEGRAM 367

London, September 10, 1939

**MOST IMMEDIATE.** Following for Prime Minister, Begins: Your telegrams Nos. 301 and 306, and unnumbered of the 9th September. Have just returned from Royal Lodge-Windsor, where His Majesty The King received me and gave His approval to your submission at 1.08 p.m.

VINCENT MASSEY

1090.

*Le secrétaire d'État aux Affaires extérieures  
au haut commissaire en Grande-Bretagne<sup>1</sup>*

*Secretary of State for External Affairs  
to High Commissioner in Britain<sup>1</sup>*

TELEGRAM 308

Ottawa, September 10, 1939

**MOST IMMEDIATE.** A proclamation by His Majesty the King acting on the advice of his Privy Council for Canada has been issued in Ottawa today declaring that a state of war with the German Reich exists and has existed in Canada as from the tenth day of September, 1939.

1091.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions  
Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 71

Ottawa, September 10, 1939

**MOST IMMEDIATE.** Following from Prime Minister for your Prime Minister, Begins: I desire to inform you personally that a Proclamation by His Majesty on the advice of His Privy Council for Canada has been issued at this moment<sup>2</sup> in Ottawa declaring and proclaiming that a state of war with the German Reich exists and has existed in Canada as and from this date. Ends.

<sup>1</sup> Le même télégramme fut expédié aux missions à Paris, à Bruxelles, à la Haye, à Genève, à Washington et à Tokyo.

Same telegram sent to missions in Paris, Brussels, The Hague, Geneva, Washington and Tokyo.

<sup>2</sup> Le télégramme fut expédié à 14.30. telegram sent at 14:30.

1092.

*Le secrétaire aux Dominions au secrétaire d'État aux Affaires extérieures*  
*Dominions Secretary to Secretary of State for External Affairs*

TELEGRAM 67

London, September 10, 1939

IMMEDIATE, Your telegram 10th September, No. 71. Following from Prime Minister, Begins: I appreciate your personal message informing me of the Proclamation in Ottawa today of the existence of a state of war between Canada and the German Reich. It is a profound encouragement to me to know that, under your leadership, Canada has thus declared her intention of employing her great resources in common resistance to German aggression. Ends.

1093.

*Le sous-secrétaire d'État aux Affaires extérieures*  
*au consul général d'Allemagne*  
*Under-Secretary of State for External Affairs*  
*to German Consul General*

Ottawa, September 10, 1939

Sir,

A Proclamation has been issued in Ottawa today by His Majesty the King acting on the advice of His Privy Council for Canada declaring that a state of war with the German Reich exists and has existed in Canada as from the tenth day of September, 1939.

You will be notified, in due course, of the decision taken by the Canadian Government on the position as to German Consular officers in Canada.

Meanwhile, instructions have been issued to ensure that police protection should be afforded the Consular officers concerned at their residences.

It is requested that you and Mr. H. Schafhausen and members of your families should remain in your residences.

I have etc.

O. D. SKELTON

1094.

*Le consul général d'Allemagne au sous-secrétaire d'État*  
*aux Affaires extérieures*  
*German Consul General to Under-Secretary of State*  
*for External Affairs*

Ottawa, September 10, 1939

Sir,

I have the honour to acknowledge receipt of your letter of September 10th, by which you inform me that a Proclamation has been issued in Ottawa today

by His Majesty the King acting on the advice of His Privy Council for Canada declaring that a state of war with the German Reich exists and has existed in Canada as from the tenth day of September, 1939.

In consequence of this notification I have closed the office of the German Consulate General at Ottawa and have instructed the German Consulates at Montreal and Winnipeg to act accordingly, also with regard to the consulates, subordinate to them, at Toronto and Vancouver.

Upon instructions from my Government, I have asked the Consul General of Switzerland at Montreal by letter of even date, copy<sup>1</sup> of which is enclosed, to take over the protection of Germans and the safeguarding of German interests in Canada as well as the archives of the German Consulate General and the other German Consular Offices in Canada. I trust that the Canadian Government will afford me and my staff—as well as the Consular Officers and their staffs at Montreal, Winnipeg, Toronto and Vancouver with regard to these Consular Offices—facilities for handing over the affairs of this Consulate General and for this purpose make arrangements for myself and the staff to leave our residences for necessary visits to the Office.

Meanwhile I have the honour to lodge a protest against the confinement.

This confinement is being extended, as I learn just now, to every member of my household, including even my Canadian servant, Miss Helen Leeder. As I refuse to assume that it is the intention of the Canadian Government, to prevent me from procuring the necessaries of life, I have the honour to request that, pending a decision on my protest, at least one member of each household concerned be permitted free ingress and egress for the purpose of provisioning. I likewise request this facility for my furnace man, Mr. Priest, and for two packers, Messrs. Frigens (?), who have been and will be engaged in packing up my household.

This confinement to residences renders it impossible for me to provide the necessary protection for the Office and Archives. I take it that suitable steps in this respect will be taken by the Canadian Government.

I take note that instructions have been issued to ensure that police protection should be afforded to Consular Officers concerned at their residences. I take it that these instructions cover all members of the staffs and their families.

Further, I have the honour to ask the Canadian Government to grant to all German Consular officials and other members of the staff of the Consulates and their families special passports enabling them to leave Canada, and safe conduct from their respective residences in Canada to the American frontier, in conformity with the internationally established rules. I take it that the safe-conduct will equally apply to the personal effects of the above persons. As to the names and positions of the German Consular officers and other staff members on service in Canada, I wish to refer to my letter of May 9th, 1938,<sup>1</sup> together with supplements of later dates, and to the list attached herewith.

As to the residences, the household and other effects, as furniture etc., and such objects as have to be left behind, belonging to German Consular officials

<sup>1</sup> Non reproduites/not printed.

and other members of the staff of the Consulates, I have requested the Consul General of Switzerland to take these likewise into his custody as per attached letter of today. I trust that the Canadian Government will accord adequate protection for these goods.

I have etc.

E. WINDELS

1095.

*Mémorandum*<sup>1</sup>

*Memorandum*<sup>1</sup>

September 10, 1939

PROCLAMATION OF WAR

*Effective Date*

After discussion between Mr. Read and Mr. Coleman, it was agreed that the date of publication was to be taken as the date of delivery of copies of the Proclamation in the Department of External Affairs. None would be given to anyone else before then. Mr. Coleman would see immediately to delivery to all Departments.

Mr. Read arranged to speed up the delivery from the Printing Bureau. The copies of the Proclamation reached my office at 12.40 noon today. The first copies were sent to the Governor-General and to the Prime Minister's Office. The United States Chargé d'Affaires was immediately advised by telephone, and copies were sent by special messenger to the British, South African and Irish representatives and the French, Belgian and Japanese as well as the United States Legations in Ottawa. The Canadian offices abroad were notified by telegraph and copies of the Proclamation sent by mail.

1096.

*Le secrétaire d'État aux Affaires extérieures au secrétaire aux Dominions*

*Secretary of State for External Affairs to Dominions Secretary*

TELEGRAM 72

Ottawa, September 10, 1939

IMMEDIATE. SECRET. Your telegram Circular B. 330 of 4th September paragraph three, Consular employees. We should be grateful to be advised immediately whether in fact action has already been taken to hold under control or to arrest Consular employees of German nationality irrespective of any reciprocal arrangement which may be made concerning Consuls de carrière and honorary Consuls.

We should be glad to learn at the same time whether any distinction is being made between ordinary employees and such persons described as Consular secretaries and attachés.

<sup>1</sup> De/by O. D. Skelton.



1097.

*Mémorandum*<sup>1</sup>*Memorandum*<sup>1</sup>

September 10, 1939

## CONSULATE OF GERMANY

It was learned this afternoon that Mr. Windels was working in his office. I called him up there to enquire whether he had received Dr. Skelton's letter of today. He said that the letter had been delivered to him. I conveyed to him our assumption that he was not touching the archives. His reply was that there was some correspondence to do with the Swiss Consul General at Montreal, with the Under-Secretary of State for External Affairs and his Consulates at Montreal and Winnipeg, and that his only purpose was to deal with that aspect. I also conveyed to him our assumption that after dealing with that correspondence he would not return to the office on the understanding that the archives would remain as they are for the purpose of sealing up in due course. He confirmed this understanding.

I added that while it was desired to show him every courtesy consistent with the existing circumstances and without wishing to depart in any way from the terms of Dr. Skelton's letter of today, it was desired that the work he was doing in the office until he left it should be under surveillance. He protested against this but of course accepted it.

Incidentally he complained of the severe restrictions of the police at his residence stating that a Canadian maid working in the house had not been allowed to go out to fetch food. I assured him there was no intention to create an impossible situation for him and his family under the circumstances and that we would communicate with the police on the subject.

After the above conversation, I made the following arrangements with Superintendent Bavin of the R.C.M.P.:

1. Mr. Windels would be allowed to complete his correspondence as stated above.

2. He would be escorted back in a motor car to his residence by an officer in plain clothes.

3. The Consulate General would be locked up (and the keys returned to the Consul General) after which a guard would be placed outside the premises to prevent anyone getting in until the procedure of sealing up takes place.

4. The police will arrange so that the necessary facilities are given for the delivery of food, etc.

5. Every possible courtesy consistent with the circumstances will be extended to Mr. Windels and Mr. Schafhausen at the residences.

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<sup>1</sup> De/by L. Beaudry.

*Consular Employees*

I called up Superintendent Bavin on this subject to indicate that it was desired to make sure that Consular employees should not be allowed to depart, without putting them in custody at the moment. I told him that I was sending him a list of all consular officers and employees stationed in Canada as based on a list furnished by the Consul General of Germany some months ago and our own records. That list as far as Ottawa and Montreal are concerned should be read in the light of the two recent lists furnished by Mr. Windels, concerning Ottawa and Montreal and forwarded to the R.C.M.P. a few days ago.

*Robert Schafhausen*

Superintendent Bavin enquired whether this man (son of Vice Consul Schafhausen, now staying with his father), who is a British subject employed in a firm in Montreal, would be allowed to return to resume his work tomorrow morning. I said that this seemed satisfactory on the understanding that Mr. Schafhausen should be warned against doing anything which might prejudice his position. Under this understanding there would be no examination of baggage. No examination of baggage could be made, in case of any suspicion existing, without a warrant from the Minister of Justice.

1098.

*Le chargé d'affaires aux États-Unis au secrétaire d'État  
aux Affaires extérieures*

*Chargé d'Affaires in United States to Secretary of State  
for External Affairs*

TELEGRAM

Washington, September 10, 1939

EN CLAIR. Informed by official of State Department that President's Proclamation has been issued naming Canada as belligerent under Neutrality Act.

1099.

*Décret du Conseil**Order in Council*

P.C. 2626

September 10, 1939

The Committee of the Privy Council have had under consideration a report, dated 9th September, 1939, from the Right Honourable W. L. Mackenzie King, the Prime Minister of Canada, representing:

(1) that a state of war exists between the United Kingdom, France and Poland, on the one hand, and the German Reich, caused by unwarranted German aggression; and

(2) that the Militia, the Naval Service and the Air Force have been placed on active service, and certain other provisions have been made for the defence of our coasts and our internal security under The War Measures Act and other existing authorities, pending the decision by the Parliament of Canada upon the policy to be adopted in the circumstances; and

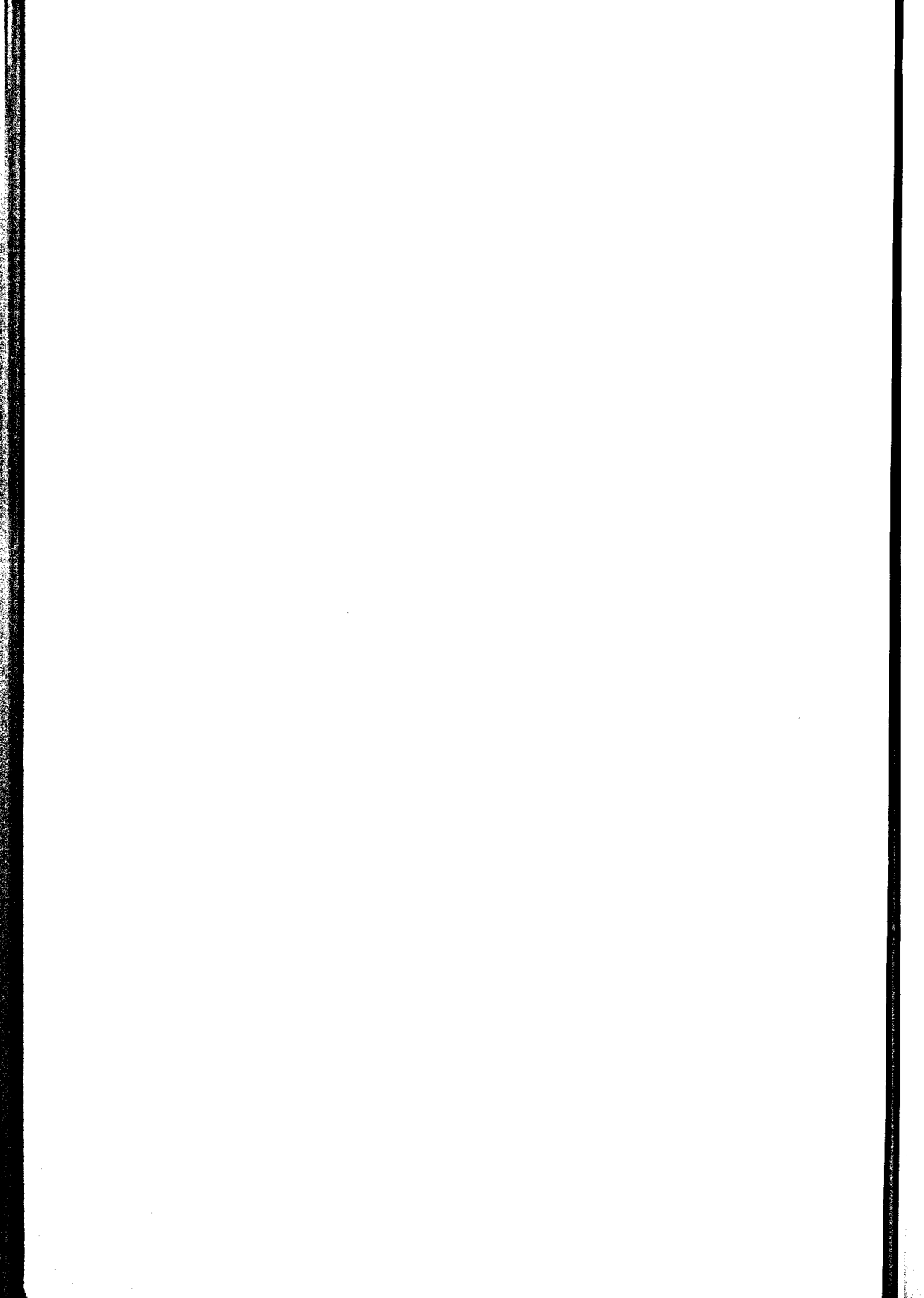
(3) that, in view of the approval by the Parliament of Canada of the Speech from the Throne and of the policy of immediate participation in the war, it is expedient that a Proclamation should be issued declaring the existence of a state of war between Canada and the German Reich.

The Prime Minister, therefore, recommends that the advice of the King's Privy Council for Canada should be submitted to His Majesty the King, with a view to the authorization by him of the issuing of a Proclamation forthwith, to be published in the *Canada Gazette*, to the following effect:

Declaring that a state of war with the German Reich exists and has existed in Canada as and from September the tenth.

The Committee concur in the foregoing recommendation and submit the same for Your Excellency's approval.

H. W. LOTHROP



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